VOL 17 No 2 FEBRUARY 1987

SURVEY of Current Affairs

Government and Administration

Reform of Child Care Law 47

External Affairs and Defence

Security and Arms Control 51
Middle East 53
Shorter Notes
United Nations Agencies 55; Overseas Development Natural Resources Institute 55

Economic and Scientific Affairs

Public Expenditure Plans 56
Regulation of Lloyd's 60
Employment and Training Measures 61
Agriculture and Forestry 62
Nuclear Energy 65
Shorter Notes
Rate Support Grant 67; City Takeover Code 68; Insider Dealing 68; Stock Exchange: Third Market 68; British-US Banking Accord 69; Royal Dockyards 69; Support for Semiconductor Research 70; Radon 70; Coastal Bathing Waters 71

Social and Cultural Affairs

Social Trends 72
Ethnic Minorities in Great Britain 75
Microelectronics in Schools 76
Sports Sponsorship by the Tobacco Industry 77
Shorter Note
British Broadcasting Corporation Licence Fees 78

Documentation 79

Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £23·50

The *Survey of Current Affairs* is produced primarily for use overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to HMSO Books, P.O. Box 276, London SW8 5DT, and editorial inquiries to Reference Services, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Services, if not on sale through Her Majesty's Stationery Office, may be obtained direct from the Overseas Distribution Unit, Central Office of Information, at the above address on payment of a small charge.

Reform of Child Care Law

Proposals for the reform of the law on child care which are intended to provide a clearer and fairer framework for the provision of services for families and for the protection of children at risk are contained in a White Paper published on 13 January.[1] The principal changes are designed to give greater protection to children against abuse or neglect; to make sure that the transfer of parental rights to local authorities is in the child's best interest; to encourage greater sharing of care between parents and local authorities in cases where parents are temporarily unable to cope; and to modernise the law on private care for children.

There has been growing concern that the law governing services for children is confused and unnecessarily complex, says the White Paper. Work with children and their families represents a substantial part of the personal social services provided by local authority social service departments. In March 1985 there were some 68,000 children in local authority care in England of whom 37,000 were subject to a court order, the remainder having been received into care under voluntary arrangements. There is also a considerable volume of work to support families, for example, through day care and domiciliary services.

Following the report, *Children in Care*, by the House of Commons Social Services Select Committee the Government set up an interdepartmental working party (see p 337, 1984) whose report, *Review of Child Care Law*, was published as a consultative document in 1985 (see p 328, 1985). At the same time the Department of Health and Social Security issued a consultative document on the law relating to the registration of day nurseries and childminders. The present proposals form the basis of legislation that would be introduced as soon as parliamentary time can be found.

A separate review to consider the introduction of a family court to deal with all matters relating to families resulted in the publication of a consultation paper by the Lord Chancellor in 1986 (see pp 175-6, 1986). The proposals in the White Paper have been made on the basis of the present court structure but would be equally applicable if a family court were introduced. They relate in the main only to England and Wales.

Principles of Child Care

The White Paper sets out the following principles which have guided the Government's approach:

a The prime responsibility for the upbringing of children rests with parents; the State should be ready to help parents to discharge that responsibility especially where doing so lessens the risk of family breakdown.

b Services to families in need of help should be arranged in a voluntary partnership with parents. Where such services include looking after the child away from home, close contact should be maintained so that children can continue their relationships with families and where appropriate be reunited with them as soon as possible.

c The transfer to the local authority of parents' legal powers and responsibilities for caring for a child should only be done by a full court hearing following due legal processes. Such a transfer must rest on establishing that there is harm or risk of harm to a child who is not receiving adequate parental care or is beyond parental control where a court order is the best method of safeguarding his or her interests.

d Court processes affecting the child must recognise that, though the interests of the child are the primary concern, the parents' legal status in relation to the child is at issue. Parents should be properly represented and should be full parties to such court proceedings in addition to the child.

e The application of emergency powers to remove a child at serious immediate risk, which necessarily cannot be preceded by a full court hearing, should be of short duration and subject to court review if the parent or child wishes to challenge it.

f Where local authorities are caring for a child away from home their legal responsibilities for the child should be clear, as should be the powers and responsibilities of parents in these circumstances.

The Need for Reform

The legal responsibilities of local authorities towards children in their care under a care order – they have parental powers and duties – are reasonably clear, says the White Paper, but there are uncertainties in respect of other children being looked after by a local authority, for example, handicapped children living temporarily away from home, children received voluntarily into care, those subject to a 'place of safety' order and those in care following divorce or other family proceedings.

It is necessary to rationalise and where possible to simplify existing legislation. At present the powers and duties of local authorities in supporting families and children come from either health and welfare legislation or from child care legislation; the individual child is better protected where he or she is receiving help under child care law. Moreover, there are over 20

[1] *The Law on Child Care and Family Services*. Cm 62. HMSO, £3·60. ISBN 0 10 100622 5.

separate provisions leading to compulsory admission of a child into care with different criteria for courts to apply and different legal effects on parental powers and responsibilities.

The White Paper points out that society's approach to relationships between the State and individual parents, children and carers has changed since much of the present law was enacted. More emphasis is placed nowadays on the desirability of involving the child and parents in decisions about services provided; the recognition that the parents are usually the true contestants of court proceedings affecting their child; and clearer acknowledgment that in care proceedings the prime aim is to get the right result for the child.

Services to Families with Children

Because of inconsistencies between health and welfare legislation and child care law it is proposed to unify these two sets of legislation. The intention is to ensure that in all cases the children concerned receive the standard of care and protection and professional review appropriate to their needs and that those ends are achieved where possible in partnership with parents.

Care and Upbringing in the Family

It is proposed to give local authorities a broad umbrella power to provide services to promote the care and upbringing of children and to help prevent the breakdown of family relationships which might lead to a court order committing the child to local authority care. Under this power it would be possible to provide services to a child at home, for example, a family aide to assist within the home; at a day centre – a day nursery, an after-school scheme or childminder; or residential facilities in a foster home or a children's home. In exceptional circumstances the local authority would be able to offer financial assistance in providing services and the local authority would have discretion to waive or levy a charge.

Bringing together these powers should focus attention on supporting families, especially where parents are under severe stress. Recently family centres have been set up by many social services departments and voluntary organisations offering provision ranging from day care for under-fives and the development of parenting skills to specialist residential units providing intensive family therapy in cases of child abuse. Many authorities also encourage voluntary self-help groups for families in difficulty.

Care away from Home

Under current legislation local authorities have a duty to receive children into their care in specified circumstances, generally because of the absence or incapacity of parents. This duty will be broadly maintained as will the duty to return the child when consistent with his or her welfare.

The White Paper emphasises that the care of a child away from home who is not under a care order should be seen as a positive response to family needs and not as a mark of failure. Such a service should be voluntary, should be based on parental agreement, and should operate on a basis of partnership and co-operation between local authority and parents. A number of modifications to the present law relating to the reception of children into care are therefore proposed. Local authorities will no longer be under an obligation to 'diminish the need' to receive children into care, thus underlining the positive aim of providing care away from home as a means of family support. (The duty to diminish the need to take children into care compulsorily by court order will continue, however.) In accordance with the concept of voluntary partnership, local authorities would no longer have power to require 28 days notice or more for parents wishing to take back a child who has been in care for more than six months.

Where the local authority is providing for a child away from home such matters as placement, schooling and access, and the eventual return home should be settled by mutual agreement. Where it is thought essential to delay or prevent a return home in order to protect the child from harm the local authority will be able to apply for an emergency protection order from a magistrate or ask the police to exercise their emergency protection powers (see p 49). If the local authority cannot reach agreement on terms which they believe are in the child's best interest they can reserve the right to withdraw their services; similarly the parent can reserve or withdraw the child. In cases where the local authority are concerned about the care of a child and cannot reach agreement with the parents it will no longer be possible for them to obtain parental powers by administrative resolution but they will be expected to seek a court order in care proceedings. If a child has been abandoned the local authority will be able to apply for guardianship under the Guardianship of Minors Act 1971. In the case of older children their views should be taken into account when making arrangements for their care.

Local Authority Responsibilities

The White Paper makes proposals regarding local authorities' duties and responsibilities for children in their care either under voluntary arrangements as above or subject to a care order made by a court. Their existing responsibilities will be recast and will build on the existing 'welfare principle'. The local authority will be under an obligation to safeguard and promote the health, development, education and welfare of the child and afford him or her opportunities for the proper development of character and abilities. It will continue to be required to give due consideration to the child's wishes and religion, and to his or her racial and cultural background. It will also continue to be under a duty to review the child's position every six months and at the same time to consider the discharge of a court order. It is also proposed to introduce a procedure, with an independent element, to resolve disputes and deal with complaints.

There will also be changes in the legislation relating to local authorities' responsibilities towards children and young people leaving their care in order further to promote their welfare.

Children subject to a Court Order

The effect of a care order is that parental powers and responsibilities are passed to the local authority and although their responsibilities for children in care subject to a court order are similiar to those for children being cared for on a voluntary basis their powers are different. It is proposed, however, that so long as it is in the best interest of the child to do so, local authorities will be required to inform and consult parents on

such decisions as where a child lives and on arrangements for contact with the child. Where a child is committed to care in family proceedings (usually divorce) local authorities do not at present have full parental authority and their precise powers and duties are not clear. It is proposed therefore to harmonise the grounds for and effects of such orders with those made in care proceedings.

Children placed with Voluntary Organisations

Voluntary organisations may provide care for children at the request of parents in addition to those they care for as agents of the local authority. Such organisations will have much the same responsibilities for children placed by parents as a local authority would for a voluntary placement.

Children in Health and Education Establishments

There has been concern that the welfare of some children away from home in health establishments or residential schools may suffer through lack of contact with their families. It is proposed therefore that health and education authorities and private establishments should inform the social services department in whose area the child lived after a child has been in their care for three months so that the local authority may satisfy itself as to the child's welfare.

Protection of Children at Risk

Proposals are made to protect children at risk of harm, including a revision of the investigative duties of local authorities and the introduction of an emergency protection order to replace the place of safety order.

Investigation

There has been particular public concern about recent tragic cases of child abuse, says the White Paper. At present local authorities have a duty to investigate cases where information is received which suggests that there are grounds for care proceedings. It is proposed to replace this by a more active duty to investigate in any case where it is suspected that a child is suffering harm or is likely to do so. It is also intended to make legal provision for co-operation between statutory and voluntary agencies in the investigation of harm and the protection of children. In future only local authority social services departments and the National Society for the Prevention of Cruelty to Children (NSPCC), which has a specialist role in child abuse cases, will be able to bring care proceedings and the power of the police and local education authorities to do so will cease. Nevertheless, since children who are the subject of care proceedings may have a history of poor school attendance local education authorities may need to be consulted.

Emergency Protection Orders

It is proposed to replace the existing 'place of safety' order, which has proved unsatisfactory, with an 'emergency protection order' to apply to circumstances where there is reasonable cause to believe that damage to a child's health or well-being is likely unless he or she is removed to a place of protection for a period up to the duration of the order. The responsibility for the child during this period would be with the applicant for the order and there would be a specific requirement to notify the parents and a presumption that there should be reasonable access to the child unless the magistrate specified otherwise. If the applicant is not the local authority he or she will have to give details to the local authority, who will be able to apply to have the emergency order transferred to them, if it would be in the child's interest. It is proposed that an emergency protection order should last for eight days only in order to keep to a minimum the period that the child is detained without provision for challenge. During this time the local authority should normally have time to decide whether to initiate care proceedings and for the court to make an interim care order if necessary. However, in exceptional circumstances the local authority will be permitted to apply for an extension of up to seven days but this application would be open to challenge by parents or child.

Police Powers

The police will retain their power to detain a child without recourse to a magistrate in a place of protection but this will in future be limited to 72 hours and not eight days as at present. There will be provision for a court to allow an extension of up to a total of eight days.

Absconding by a Child

In order to clarify and rationalise the present law, new proposals are made to apply to children who abscond or who are unlawfully taken away while subject to a care order or an emergency protection order.

The Role of the Court

Care proceedings are regarded as central to child care law and it is proposed to introduce new improved grounds for making a care order. Supervision orders will be strengthened and a new custody order will be provided for cases where responsibility for a child can be satisfactorily assumed by someone other than the local authority, such as a grandparent. A fairer way of resolving disputes over parental access, wider rights of participation in proceedings and rights of appeal will also be provided together with changes in the court process designed to align it more with other civil proceedings and less with criminal trials.

Grounds for a Care Order

There will be a major re-casting of the grounds for an order in care proceedings. Each of three elements will have to be satisfied: evidence of harm or likely harm to the child; and that this is attributable to the absence of a reasonable standard of parental care or the child being beyond parental control; and that the order proposed is the most effective means of safeguarding the child's welfare. The court will have power to make an interim care order only after care proceedings have been initiated.

Access to Children

Significant changes are proposed in the resolution of disputes about parental access to children in care and a presumption of reasonable access will be embodied in the legislation. Local authorities will be encouraged to agree on access with the parents at an early stage and if agreement cannot be reached the dispute can be dealt with by the court when the care order is made. Subsequent disputes would be referred to the court.

Appeals

All parties to the original proceedings will have the right to appeal against decisions of the court. All appeals from care and related proceedings would be at the same court; this would be to the Family Court should a decision be made to introduce one but otherwise those appeals not at present heard in the High Court would be referred there rather than to the Crown Court.

Regulation of Private and Voluntary Facilities for Children

In addition to providing services themselves local authorities are responsible for ensuring that minimum standards of care and supervision are maintained in private facilities for children. The White Paper makes proposals for rationalising and improving the regulation of private day care and holiday facilities and for simplifying private foster care law. The legislation is complex and not well understood and the opportunity will be taken to amend Scottish legislation also.

Day Care and Short-term Facilities for Children under Five

The functions of local authorities in registering and inspecting facilities for children under five will remain broadly as at present but greater emphasis will be placed on support and training for childminders and other providers of services. At present local authorities must keep two registers, one of people providing care in their own home for reward (childminders) and one for non-domestic premises (day nurseries and play groups). It is intended to replace this system by a single register of responsible people providing care at specified premises. It is intended to remove a number of exemptions, for example, private day care facilities on school or hospital premises and childminders who are also foster parents. The question of extending the registration arrangements to cover domestic nannies or au pairs who are paid to look after children other than their employers' is also under consideration. Local authorities will have a duty to impose certain conditions on registration, such as the maximum number of children to be cared for.

It is proposed that the registration requirements for day care for children under five be extended to apply to most holiday accommodation of a temporary nature.

Children over Five

Current legislation covers the registration of premises where children and young people up to the age of 16 are cared for outside school hours for continuous periods of more than two hours but there is limited awareness of its provisions, said the White Paper. Because of the growth in schemes to look after children while their parents are at work and in residential holidays for children, including those run by commercial organisations, the Government is concerned to ensure adequate standards of care and supervision, although it believes that the main responsibility for satisfying themselves as to the quality of arrangements must rest with parents. It is considering, therefore, how best to secure the necessary standards without imposing unnecessary burdens on local authorities and those organisations which already provide high standards.

Private Fostering

Unlike placements arranged by local authorities in consultation with parents, private family placements are not generally paid for or arranged by local authorities but notification is required by the private fosterers and there is power to require notification by parents. These arrangements, which apply to children up to the age of 16, will continue but because the definition of foster parent and the exclusions from the requirements are over-complex it is proposed to simplify them and restrict the provisions to placements lasting for more than a total of 27 days. Exemptions covering residential schools, hospitals and other institutions will continue.

Children's Homes

There are proposals to consider the rationalisation of registration for voluntary and private children's homes, which at present are subject to different arrangements.

EXTERNAL AFFAIRS AND DEFENCE

Security and Arms Control

Britain's approach to the security of the Western Alliance, arms control and the role of European members of the North Atlantic Treaty Organisation (NATO) in East-West relations was one of the major themes in a speech by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, on 27 January.

Speaking to the International Institute for Strategic Studies, Sir Geoffrey said that, although there had been both progress and disappointments in East-West relations during 1986, progress would prove more lasting as that year had, for the first time, given reason to hope that both sides might actually cut their stocks of weapons. Following the meeting in Reykjavik between the United States and the Soviet Union (see pp 345-7, 1986), the Prime Minister, Mrs Margaret Thatcher, and the United States President, Mr Ronald Reagan, had agreed in Washington on a programme for arms reductions which was more ambitious than anything thought possible a few years ago. It was also realistic, provided the Soviet leader, Mr Mikhail Gorbachev, shared the West's determination to achieve it (see pp 385-6, 1986).

The Soviet Threat

Defence was necessary, Sir Geoffrey explained, because of 'the manifest threat from the Soviet Union' to British security. Britain could not ignore the fact that Western Europe was faced with 50,000 Warsaw Pact tanks, 33,000 artillery guns, 8,000 tactical aircraft, massed divisions of frontline troops, and hundreds of thousands of tonnes of chemical weapons, together with thousands of nuclear warheads aimed at targets in NATO countries. Against that threat, NATO had just over a third the number of tanks, less than one-third the artillery, half the aircraft, and was outnumbered nine to one in shorter-range nuclear systems. It was also necessary to remember that the Soviet Union had during the past two generations forcibly imposed its will upon its neighbours: the Baltic states, Poland and Finland during the second world war; East Germany, Hungary and Czechoslovakia in the 1950s and 1960s; and Poland and Afghanistan in the 1980s.

Sir Geoffrey agreed that the Soviet Union was entitled to defend itself like any other sovereign state, but he asked why the Soviet military posture in Europe was dominated by offensive weapons and a doctrine that laid so much emphasis on pre-emption, and why these military attitudes matched so closely what was needed for a swift, offensive strike against Western Europe. While Western governments looked for a relationship with the East which was free from threats, the communist governments in the East saw themselves in an antagonistic relationship with Western democracies. The historic values of democracy, freedom and popular choice represented by the West undermined the claims they made for their political system, and it was the anxieties this generated that fuelled their massive military spending and relentless propaganda, a mentality which was still dividing Europe.

Nuclear and Conventional Deterrence

Sir Geoffrey stressed that the British Government never doubted the value of a genuine detente or the need to keep working for it; nor had it been, or would it be, discouraged by past disappointments. Much was being done to promote contacts of all kinds, the Conference on Security and Co-operation in Europe (CSCE) process and bilateral diplomacy being important ways of doing this (see pp 347-8, 1986, on the CSCE and pp 254-6, 1986, on Britain's relations with the Soviet Union). He had, he said, visited all the countries of Eastern Europe (except Albania), and had kept up a vigorous dialogue with their leaders; Mrs Thatcher's forthcoming visit to the Soviet Union would be another crucial step in this process.

Good diplomacy, he continued, relied on a strong bargaining position, and in tough East-West negotiations this meant defences 'strong enough not only to defeat an attack, but also to remove any temptation to attack. Only then can Britain be truly secure. It is common sense that what deters a potential aggressor is not only the prospect of defeat but even more the risk that the aggressor himself will sustain great damage which outweighs any conceivable gain.' It was insufficient merely to seek to ensure that an attack did not achieve its objective, since an opponent, if aggression appeared calculable and the maximum costs limited, could be tempted to gamble and then negotiate on what he had gained in his attack. What really deterred, he said, was the certainty of retribution and 'the hazard of incalculable and intolerable loss'.

Discussing the respective roles of nuclear and conventional arms in Western deterrence, Sir Geoffrey said that the West, faced by the Soviet Union's vast nuclear

arsenal, had to have a nuclear capability of its own not only to deter nuclear attack and prevent nuclear blackmail but also to impress on the Soviet Union that the West might respond to an unprovoked attack, not merely with conventional forces but also with nuclear weapons. NATO, he emphasised, was not committed to using nuclear weapons first, nor to using them in any particular circumstances, but it did want the option of making the Soviet Union realise that the costs of attacking the West would be unbearable.

Concerning the conventional threat, Sir Geoffrey pointed out that conventional forces remained the major part of Britain's defence effort, Britain wanting to postpone decisions about using nuclear weapons as long as possible during an attack by the East; that was why Britain had raised the level of its defence spending by 20 per cent in real terms over the last eight years and why the Alliance as a whole had increased its defence expenditure. Although a major modernisation programme was now in progress, it would be irresponsible to base British security policy on the dubious assumption that Western governments could sustain for the foreseeable future this accelerated rate of spending on conventional defence. The Soviet Union, however, unlike the Alliance, was not constrained by public opposition to ever-increasing defence spending and its defence expenditure, regardless of the economic consequences, continued to rise remorselessly by 3 per cent a year, thereby maintaining the conventional imbalance. This present conventional imbalance was a reminder that Western security could not be both non-nuclear and effective.

This problem highlighted two points – the United States commitment to Europe and nuclear arms control – which were crucial to Britain's protection. There were more than 300,000 US troops in Europe which, along with the forces of NATO's European allies, guarded the Alliance's joint security. These troops were also part of the link between the US nuclear arsenal and the commitment to Europe which was an essential element in the wider system on which Britain and its NATO allies depended for their security. Regarding nuclear arms control, Sir Geoffrey said that, while the West was determined to work for it, it had to keep firmly in mind the need to deter war of any kind, conventional or nuclear. Nuclear arms control had to be seen as part of the internationally accepted objective of general and complete disarmament, a point that had been underlined in the Prime Minister's agreed statement in Washington in 1986.

Deterrence depended not only on political will but also on having forces capable of implementing it, Sir Geoffrey explained. Obsolete systems undermined deterrence and when modernisation was necessary the cost had to be faced. Going ahead with the Trident system to modernise Britain's own deterrent was the right decision because both Britain and the Alliance as a whole would be more secure as a result. The British Government, he added, had always insisted that 'our own national deterrent should be the minimum necessary to do the job. We do not seek more. But we will not – and should not – accept less.'

Arms Reduction

On the role of arms control in achieving security at lower levels of armaments, Sir Geoffrey said that arms control could in principle provide both sides with direct political, economic and strategic benefits: politically, arms control had shown that, while Western governments would insist on maintaining adequate defences, they were not interested in an arms race; economically, arms control held out the hope of freeing resources in tight national budgets for other uses; and strategically, arms control enabled the impact of worst-case predictions to be limited. 'Military planners', he pointed out, 'should have a greater interest in a sound arms control framework than anyone else. It introduces an element of predictability into their strategic and procurement decisions, by reassuring them that the other side is not bent on spending them into the ground.' Finally, arms control would also 'contribute directly to enhancing security, to developing confidence, and to creating a better balance between different political and military systems'.

Negotiated arms control was the most responsible approach, he continued, although not everybody agreed with the need for it. There were those who rejected nuclear deterrence as a concept and demanded immediate unilateral elimination of all nuclear weapons; and there were some, at the other extreme, who opposed the whole idea of arms control as ineffective or even counter-productive. Sir Geoffrey found no sense in either posture: 'Both dismiss the lessons of history and ignore the world's hopes for the future. And neither can offer a constructive alternative for creating genuine and enduring security. . .'

Programme of Action

The British Government had set itself realistic objectives which had been set out at the Camp David meeting and had been adopted by NATO in December 1986 (see pp 15-18). The first priority concerned intermediate-range nuclear forces (INF). The Alliance's strategy since 1979 had been vindicated, for as a result of NATO's decision to deploy its own INF from the end of 1983 (see pp 358-60, 1983) the Soviet Union had now declared itself ready to eliminate all its SS20 warheads aimed at Western Europe and to reduce those in Asia by 80 per cent. In return the West would be ready to take equivalent action while insisting on tight constraints on the Soviet Union's virtual monopoly of shorter-range SS22 and SS23 systems and on a commitment to further INF negotiations. Sir Geoffrey emphasised that the renewed Soviet insistence on linking an INF agreement with research programmes into strategic defences was unnecessary, illogical and counter-productive, and this should not be allowed to hold up negotiations.

The second priority was an agreement to cut the two superpowers' strategic nuclear armouries by 50 per cent. Whereas previous arms control treaties had largely codified current levels or provided for increases in numbers of warheads,[1] the proposal now on the table would radically reduce nuclear weapons, enhancing stability rather than undermining it.

[1]The 1972 Interim Agreement on Strategic Offensive Arms (SALT I) between the United States and the Soviet Union, for example, while limiting the number of strategic weapon launchers each side could deploy, put no limitation on qualitative improvement of missiles such as allowing them to be equipped with independently targetable multiple warheads or improving their accuracy. Similarly, the unratified SALT II agreement of 1979, while imposing more limits on strategic missile improvements, contained no missile reductions and allowed, for instance, each side to develop one new type of intercontinental ballistic missile.

The third priority was a total ban on chemical weapons, a subject on which Britain had played a leading role in the negotiations for an agreement at the Geneva Disarmament Conference during 1986 (see pp 260-2, 1986). The overwhelming Soviet superiority in chemical weapons, their use by Iraq in the Middle East and the growing threat of proliferation elsewhere underlined the need for a total ban.

Verification in all these areas played a vital role, Sir Geoffrey said, and while Britain would not insist on more verification than was strictly necessary, flawed verification arrangements in the past had undermined arms control. 'Concern about non-compliance', he stressed, 'can damage the confidence which has to underpin existing agreements. It can also jeopardise the negotiation of new ones. Verification . . . is an essential ingredient.'

Discussing the differences between the United States' proposal to eliminate all ballistic nuclear missiles and the Soviet proposal (made at the Reykjavik meeting) to eliminate all strategic offensive weapons, Sir Geoffrey said that, while these long-term visions were important, the immediate challenge was to bridge the much smaller gaps that stood between the parties and substantial progress over the next few years: 'We must focus on where the two sides' immediate priorities converge and concentrate on the possible, not the speculative.'

Strategic Defence Initiative

Britain saw the need for the United States to press ahead with Strategic Defence Initiative (SDI) within the constraints set out in the Anti-Ballistic Missile (ABM) Treaty, but a solution to a number of questions about future research into strategic defences which Sir Geoffrey had raised in 1985 (see pp 100-3, 1985) had to be found before reaching conclusions on what might be technically possible; it had to be accepted also that not everything technically possible might be affordable or prudent. Britain endorsed the United States and Soviet commitment at the Geneva negotiations to prevent an arms race in outer space, and meanwhile it was important that both sides adhered strictly to their obligations under the ABM Treaty. Although there was little disagreement between the two about the Treaty's application to the research and deployment phases of SDI, there were areas of potential disagreement regarding development and testing. These should not be allowed to become insuperable obstacles to the achievement of reductions in strategic offensive weapons. The extension of the ABM Treaty withdrawal period, agreed provisionally at Reykjavik (see p 346, 1986), would be helpful as this would give both sides the ability to predict how strategic defences might eventually begin to develop in a given time-scale and so to measure the offensive reductions which could be acceptable.

Europe's Role

The European role would continue to be separate and important, Sir Geoffrey said. While in the current negotiations with the Soviet Union the United States would inevitably play the pre-eminent role, East-West diplomacy was by no means the preserve of the superpowers. Since 1973 the European countries, together with the superpowers, had tried to remove disparities between conventional forces in Europe and establish a lower and safer balance. So far, these had failed because the Soviet Union had refused to exchange information about the size and nature of its own forces and to accept verification arrangements. However, in Stockholm recently there had been agreement on a series of measures providing for greater confidence and predictability about military activities in Europe (see pp 317-19, 1986). The NATO allies also hoped to begin contacts with the Warsaw Pact to see whether there was a basis for new negotiations aimed at greater stability from the Atlantic to the Urals: the NATO aim would to be to try to agree on lower levels of forces on the basis of parity between the two military alliances, and to eliminate the capabilities which were most threatening to peace, namely those for surprise attack and large-scale invasion.

Middle East

Britain's policy towards the Middle East, its efforts to promote a peaceful settlement in the Arab–Israel conflict and the threat of international terrorism were among the topics discussed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the Middle East Association in January.

The Arab–Israel Conflict

Addressing the Association on 22 January, Sir Geoffrey noted that while the Middle East had undergone momentous changes during the last 25 years, the one unchanging feature had been the collective failure to solve the Arab–Israel dispute (see pp 311-13, 1985). This remained the biggest single long-term threat to security in the region. Confrontation between Israel and its neighbours had been nourished by myths on both sides: among Arabs, that with their numbers and financial strength, time was on their side; and among Israelis, that they could indefinitely ignore the aspirations and frustrations of the Palestinians under occupation without destroying the democratic values of Israeli society.

Five wars and 40 years of sullen suffering had shown that there were no victories to be won except when each side recognised the strength as well as the legitimacy not of its own but of the other's position. Israel was there to stay and had a right to security within recognised boundaries and the Palestinians could not be wished away. Real peace, Sir Geoffrey suggested, would not be possible 'until Israel is freely accepted by the Palestinians whose future is at stake in any negotiated settlement . . . until the Palestinians are permitted to exercise their right to self-determination . . . until representatives of the Palestinians take part in negotiations . . . and until those representatives . . . in turn commit themselves unequivocally to repudiate violence and accept Israel's rights.'

Sooner or later a bargain had to be struck, and all those who dealt with the Middle East and had a stake in its future stability and prosperity had a role to play – in understanding and explaining the fears and aspirations which had left such a bitter legacy of suspicion and mistrust, in trying to defuse the flashpoints of tension and in searching for points of common agreement. The United States was best placed to

help and its recently renewed efforts to encourage agreement between the parties had to be energetically pursued. Britain and its European partners would continue to be active but realistic in promoting negotiations. There was a growing consensus in the region that an international conference, properly managed, could help. But any conference had to be put to good use and not turned into another forum for ritual rhetoric, and that meant a clear understanding in advance on who would take part in the conference, what it would discuss and how it would approach its goals, together with a willingness to promote that understanding. Britain looked to the Soviet Union and others who professed support for a conference to work positively and constructively on these lines.

Turning to the subject of the occupied territories, Sir Geoffrey said that during the British Presidency (see pp 10-15), the 12 members of the European Community had pressed for improvements in the economic and political condition of their inhabitants. The Twelve had strongly reminded the Israelis of their obligations as an occupying power to respect human rights, had rationalised and increased their aid programme to the occupied territories and provided more resources to the United Nations Relief and Works Agency. In addition, Britain had more than doubled its bilateral aid programme for the Palestinians to £1 million a year (with half to be channelled through Jordanian institutions) and had also announced a contribution of £10 million to the new Jordanian five year economic plan.

Iran–Iraq Conflict

The other disastrous conflict in the region, the Iran–Iraq conflict (see p 88, 1986), continued to waste human and material resources at an alarming rate. It was not by resorting to chemical weapons (see p 261, 1986), nor by disregarding appeals to negotiate, that the conflict would be ended. Referring to the latest battles to the east of Basra and Baghdad, Sir Geoffrey said that both sides still found it difficult to gain a decisive advantage. The war, which had so far remained localised, could spread down the Gulf. Britain deplored attacks on merchant shipping, which both endangered the lives of seamen and deterred trade. In order to reassure those operating and working in merchant ships, the Royal Navy had stepped up its presence in the Gulf and would give assistance when needed. The combatants had to be persuaded to talk and the United Nations remained best placed to help.

Terrorism

Of all the threats facing the world, terrorism was the most dramatic, Sir Geoffrey said. It had impinged on the lives of innocent people world-wide and represented a sort of indiscriminate violence which could not be ignored. No country was immune to it and no government could buy protection from it. Referring to the need to tackle the causes of terrorism, he said that many terrorist groups claimed their origins in the frustrations of the Palestinian refugee camps. While a people in search of their rights were not always scrupulous about the methods they used, no end could justify terrorist methods. It was one of the tragedies of the Palestinian problem that, for too many people, the name Palestinian had become identified with terrorist.

The most effective way to combat terrorism was by strengthening day-to-day co-operation among police and the security agencies of like-minded countries. It was essential that terrorists were brought to justice and to make it as difficult as possible for them to commit their crimes. In the past year, Western nations had applied stringent measures against terrorism and against those states – Syria and Libya – whose involvement in terrorist crimes had been conclusively proven (see pp 113-17 and pp 350-1, 1986). Such measures had been put in place by the seven countries of the Toyko Economic Summit (see p 147, 1986) and by members of the European Community, who between them had sent the two governments a clear signal that the civilised world regarded their behaviour as totally unacceptable. In doing so, it was not their aim to punish, but to persuade those states to change their policy.

Sir Geoffrey pointed out that it was a common mistake to link Islamic fundamentalism with terrorism. It was an abuse of the Islamic faith to use it in justification of criminality, for Islam had been a civilising force for centuries and its influence and vitality could be discerned throughout the world. In a sense, most Muslims were fundamentalists who cared deeply about their religion and took it seriously, but most of those active in the cause of fundamentalism talked of the defence of Islam or, in other words, the preservation of their values and only a few were engaged in the export of revolution. Lebanon had become the cockpit of the extremist experiment, with fanatical groups competing for influence, or merely sowing destruction by mass murder, hostage-taking and assassination. The most intransigent of these groups had internationalised the issue by their attacks on innocent Westerners.[1] Britain condemned terrorist violence, whatever ideological arguments might be deployed in attempts to justify it, and was convinced that it was a mistake to do deals with hostage-takers.

Lebanon

Nowhere in the Middle East had innocent civilians suffered more than in the unending tragedy of Lebanon, Sir Geoffrey said. 'Our hearts go out to victims of the fighting in all the communities: to victims of the Lebanese civil war, of Israel's invasion and continuing occupation, of the current deplorable outbreak of fighting between Amal militia and Palestinians, and of indiscriminate acts of terrorism.' Ultimately, only the Lebanese could solve their differences but they needed freedom from outside interference. That was why Israel had to complete the withdrawal of its forces and why Britain had supported the recent renewal of the mandate of the United Nations Interim Force in Lebanon, which had to be allowed to operate down to the border with Israel. It was in nobody's interest that instability in Lebanon should precipitate another major crisis in the Middle East.

Commerce

British exports to the Middle East, Sir Geoffrey noted, had risen from £220 million in 1960 (representing 6 per cent of total British exports) to a peak of £6,500 million in 1983 (10·5 per cent). This was a higher rate of increase than for any other comparable region,

[1]Over 20 foreigners are reported to be missing, believed held hostage, in Lebanon, including the special envoy of the Archbishop of Canterbury, Mr Terry Waite, who was visiting Beirut in order to hold negotiations with a view to securing the release of hostages.

making the Middle East Britain's third largest export market after Europe and the United States. In addition, the Middle East accounted for 15 per cent of total British invisible earnings, representing income of around £4,000 million. The British export figures for January to November 1986 showed that the Middle East provided five of the top ten British markets in developing countries as well as accounting for 8·6 per cent of visible exports (around £6,000 million.)

Referring to the importance of the Gulf region, Sir Geoffrey said that Europe needed a more structured relationship with the Gulf states, which were increasingly working together within the framework of the Gulf Co-operation Council in defence and in economic and political fields. The European Community had recognised this and was drawing up a negotiating mandate for a co-operation agreement with the Gulf Co-operation Council.

Shorter Notes

UNITED NATIONS AGENCIES

Britain is to give £5 million of aid to the United Nations Children's Fund, bringing its total contributions to the organisation announced in 1986-87 to over £13 million. This extra money, which will be spent on projects for mother and child care, reflects Britain's support for the Fund's Global Immunisation Programme, which deals with childhood killer diseases for which there are immunisation techniques, including measles, polio, diphtheria, tetanus, whooping cough and tuberculosis. The organisation is committed to the goal of achieving universal immunisation against these diseases by the year 1990. The new contribution is additional to an earlier grant of £1 million to the Fund's Emergency Relief and Rehabilitation Programme in Africa, much of which is being spent on immunisation of children in Botswana and Lesotho.

Britain has also announced an additional contribution of £1·5 million to the United Nations Development Programme, bringing its pledge for 1987 to £23 million (see p 386, 1986). Since 1980 Britain has committed total funds of some £153 million to the organisation.

Sources: Overseas Development Administration press notices, 20.1.87.

OVERSEAS DEVELOPMENT NATURAL RESOURCES INSTITUTE

A new scientific unit of the Overseas Development Administration is to be formed as a result of a merger between the Tropical Development and Research Institute (see p 266, 1986) and the Land Resources Development Centre. The combined organisation, to be known as the Overseas Development Natural Resources Institute, will become operational on 1 September 1987. The aims of the Institute will be to promote the sustainable development of the natural resources of developing countries through: assessment of land and water resources; pilot-scale development projects; applied research in the fields of pest control and of crop and animal processing, storage and marketing; and assessment of the environmental consequences of development projects. The Tropical Development and Research Institute and the Land Resources Development Centre are world centres of expertise in their respective fields. Although most of their work is financed by the British aid programme, they also undertake assignments for multilateral aid agencies and other organisations.

Announcing the merger in the House of Commons on 26 January, the Minister for Overseas Development, Mr Christopher Patten, said that savings achieved by rationalising the support services for the new organisation would provide scope for further resources to be allocated to scientific and operational programmes. The director of the Institute is to be assigned responsibility for a group of approximately 50 professional staff – mainly specialists in natural resources – retained on long-term contracts by the Overseas Development Administration for work overseas.

Sources: Overseas Development Administration press notice, 26.1.87; *Hansard*, Vol 109, No 39, col 19.

ECONOMIC AND SCIENTIFIC AFFAIRS

Public Expenditure Plans

The Government's plans for a continuing fall in public expenditure as a proportion of gross domestic product over the next three years are confirmed in the public expenditure White Paper, published on 14 January. By 1989-90 the figure is expected to be back to the levels of the early 1970s. Extra funds have, nevertheless, been allocated to priority services.

The November 1986 Autumn Statement[1] gave the broad results of the public spending review for 1987-88. The White Paper[2] contains details of the plans for that and the following two years. Revised projections of government receipts, spending and borrowing over the medium term will be given on Budget day (17 March).

The plans are an integral part of the Government's medium-term financial strategy. When presenting the Autumn Statement, the Chancellor of the Exchequer, Mr Nigel Lawson, reaffirmed the Government's commitment to the fiscal stance as set out in the financial strategy in the 1986 Budget[3]: the public sector borrowing requirement in 1987-88 would be held to the Budget figure of 1·75 per cent of gross domestic product (GDP). Within the resources available, the Government continues to try to achieve improved value for money from public spending every year.

Totals

The estimated spending outturn in 1986-87 remains £140,400 million – as set out in the Autumn Statement – although provision has been made to cover overspending. The total is some £1,300 million, or 1 per cent, above the figure given in the 1986 public expenditure White Paper.[4] Additions made to programmes during the year are estimated at £5,800 million compared with a reserve of £4,500 million. The main increases are in local authority spending (£2,700 million) and in demand-determined programmes, particularly social security (£1,600 million).

The planning totals for 1987-88 and 1988-89 have been set at £148,600 million and £154,200 million respectively, the corresponding figures in the last White Paper having been £143,900 million and £148,700 million. A planning total of £161,500 million has been set for 1989-90. All totals include substantial reserves not allocated to departmental programmes.

Public Spending and National Income

General government expenditure[1] has been falling steadily as a percentage of GDP. Excluding privatisation proceeds, the figure declined by 2·5 percentage points between 1982-83 and 1986-87. With money GDP growing as planned in the financial strategy, the plans point to a further fall, from about 44·5 per cent, excluding privatisation proceeds, in 1986-87 to under 42·5 per cent by 1989-90, bringing the percentage down to the levels of the early 1970s.

Public Spending in Real Terms

The plans are designed to ensure a continued deceleration in the growth of public spending in real terms. Excluding privatisation proceeds, the average annual rate of growth in general government real expenditure is expected to be just over 1 per cent between 1986-87 and 1989-90 (1·25 per cent for the planning total). By comparison, the rate was almost 3 per cent in the decade up to 1978-79, around 2·25 per cent during the period 1978-79 to 1982-83 and about 1·75 per cent between 1982-83 and 1986-87.

Analysis by Department

Between 1986-87 and 1989-90 departmental spending is planned to rise, on average, by 9 per cent. The change for individual departments, however, varies from an increase of 31 per cent for Agriculture, Fisheries and Food to a fall of 38 per cent for Trade and Industry. The projected rise is 16 per cent for the Department of Health and Social Security (DHSS) [health and personal social services], 12 per cent for Education and Science, 11 per cent for the DHSS [social security] and 5 per cent for Defence.

The DHSS, Ministry of Defence and Department of Education and Science are, once again, by far the largest spenders, accounting for around two-thirds of the planning total. Public expenditure is analysed by department in Table 1 and key aspects of spending by some of the larger departments are summarised below.

Health and Social Security

The National Health Service (NHS) aims to make the best use of resources to help people stay healthy and to make available effective treatment and care where necessary. A series of performance indicators has been

[1]See article on pp 355-9, 1986, later reproduced as COI reference paper *Britain's Economy: Chancellor's Autumn Statement*, No 253/86.

[2]*The Government's Expenditure Plans 1987-88 to 1989-90.* HM Treasury. Vol I. Cm 56-I. HMSO, £5·20. ISBN 0 10 100562 8. Vol II. Cm 56-II. HMSO, £22. ISBN 0 10 100563 0.

[3]See article on pp 121-4, 1986, later reproduced as COI reference paper *Britain's Budget 1986*, No 241/86.

[4]See article on pp 43-45, 1986, later reproduced as COI reference paper *Britain's Public Expenditure Plans 1986-87 to 1988-89*, No 240/86.

[1]General government expenditure is the combined spending of central and local government (but not that of public corporations). Unlike the public expenditure planning total, it includes general government gross debt interest.

developed to enable managers in the NHS to make informed judgments on the use of resources under their control. Health authorities will reap the benefit of savings arising from their cost improvement programmes.

The purpose of the social security system is primarily to provide for retirement pensioners and to give financial help to others who need it. Social security accounts for over 30 per cent of the planning total. Around half of the allocation is for the elderly, reflecting both a rise in the real value of pensions and a substantial increase in the number of pensioners in the 1980s. Payments to families and to the unemployed each account for about one-sixth of expenditure on benefit; most of the remainder goes to the sick and the disabled.

Defence

The objectives of the defence programme, comprising 12 to 13 per cent of the planning total, are the security of the nation and the maintenance of its freedom. A wide range of measures is in hand to improve efficiency and value for money especially through increased competition in the purchase of equipment (see pp 177-85, 1985). Civilian manpower, after taking into account the conversion of Royal Ordnance into a public limited company, has been cut by around 80,000 since 1979. This reflects improvements in efficiency, rationalisation and the transfer of tasks to the private sector. Britain's defence capabilities will continue to benefit from major re-equipment programmes for all three services.

Education and Science

The Government's main aims for education are to raise standards at all ability levels and to secure the best possible return on resources invested. Its aim for science is to maintain and enhance the strength and quality of the science base. Most of the expenditure is incurred by local authorities. Extra resources have been provided for improved schools and for substantial increases in teachers' pay. The new city technology colleges (see p 369, 1986) will widen the choice of effective schools in urban areas. More funds will be made available for universities and polytechnics.

Employment

In employment, the main aims are to promote enterprise and job creation; to assist the unemployed; to promote training; to help the labour market work more efficiently; and to improve health and safety at work and industrial relations.

Important measures on enterprise and employment were announced in the 1986 Budget (see p 124, 1986) and are now reflected in departmental plans. Extra spending since then on central government programmes has been offset by savings elsewhere. The Enterprise Allowance Scheme is planned to expand (see p 62). Increases in efficiency have been achieved in many areas and more are envisaged.

Environment – Housing

The main aim of government policy on housing is to widen choice by encouraging the spread of home ownership for those who want it and by providing a wider variety of rented housing.

The increased provision for 1987-88 will allow, among other things, more investment by local authorities, mainly on renovation of their own housing stock.

Environment – Other Environmental Services

Expenditure on other environmental services is incurred largely by local authorities. Central government also spends, through sponsored bodies and its own programmes, aiming to direct funds to areas of greatest need and where private sector funding will be most encouraged. A high priority is attached to tackling inner city problems. Four new urban development corporations are to be set up (see p 337, 1986).

Transport

The Department of Transport seeks to increase efficiency and reduce unit costs. It aims to maintain and improve the national road system; to bring about greater safety; to conserve the environment; and to advance British transport interests abroad. Spending is increasingly directed towards infrastructure rather than current subsidies.

Home Office

The main aims of the criminal justice system are to prevent and detect crime; to administer the courts effectively; to deal adequately with offenders; and to give proper effect to sentences imposed (see pp 5-8). Provision is made for an increase in police strength in 1987-88 and proposals have been advanced for more efficient use of prison manpower.

Reserve

The reserve provides a margin for contingencies including estimating changes. The reserves for 1988-89 and 1989-90 are larger, both absolutely and in relation to the planning total, than in any other White Paper except that for 1986.[1] Substantial additions to departmental allocations have been made in the latest spending review for expenditure by local authorities and on social security, the two main areas in which spending has exceeded plans in 1986-87.

Privatisation

The privatisation programme, designed to increase efficiency – by competition and other means – and to widen share ownership, is continuing. Privatisation makes for an increase in incentives for management and employees, many of whom have become shareholders in their companies. The improved performance of privatised businesses benefits consumers, employees and the economy as a whole. Following the privatisation of British Gas (see pp 25-7), state-owned businesses account for around 7·5 per cent of GDP compared with 11 per cent in 1979. The number of individual shareholders has doubled since 1979.

Analysis by Function

An analysis of public expenditure in Britain by function (in percentage terms) is given in Table 2. Unlike the

[1]In that White Paper exceptionally high reserves were provided for the years 1987-88 and 1988-89 as planned local authority current expenditure was held to practically the same level as for 1986-87.

analysis by department, this assigns spending in Scotland, Wales and Northern Ireland to the same functional groups as in England. Although there are differences in the exact responsibilities of each of the territorial Secretaries of State, the block budgets of all three include, for example, spending on health, transport, housing and education.

Social security is the largest of the functional programmes. Its share of total expenditure has risen from 25·6 per cent in 1978-79 to 31·1 per cent in 1986-87; a further rise is expected by 1989-90.

The priority given to health and personal social services has steadily increased, its share having risen from 13·9 per cent in 1978-79 to 15·1 per cent in 1986-87; the increase is expected to continue.

The Government's commitment to defence is reflected in a rise in its share from 11·3 per cent in 1978-79 to 12·6 per cent in 1986-87. A slight fall is now planned as the benefits from past increases continue to be felt and the programme for improved efficiency is maintained.

The fall in the share of education and science from 14·3 per cent in 1978-79 to 13·1 per cent in 1986-87 reflects falling school rolls (spending per pupil has risen). An increase to 13·4 per cent by 1989-90 is now planned.

The rise in the share of law and order from 3·7 per cent in 1978-79 to 4·8 per cent in 1986-87 represents an increase of almost one-third; a further rise to 1989-90 is planned.

The share going to employment and training has also increased substantially in proportionate terms – from 1·6 per cent in 1978-79 to 2·7 per cent in 1986-87.

Public sector involvement in providing services in other areas has been reduced. Spending on public sector housing and subsidies to trade, industry and energy have all fallen substantially as shares of total expenditure. This results from government policies for an increased share of housing needs to be provided by the private sector and for support to industry in both private and public sectors to be cut as profitability improves.

Analysis by Spending Authority

Central Government

Some 70 per cent of central government spending (see Table 3) within the planning total is voted by Parliament through the annual Supply Estimates. The remainder is mainly social security payments made out of the National Insurance Fund. About 40 per cent of central government expenditure is on social security, with defence and health the next largest components.

Local Authorities

About a quarter of total public spending is made up of local authority expenditure. Of this, education accounts for over one-third; most of the rest is spending on law and order, housing and other environmental services, personal social services and transport.

Current spending in 1986-87 is forecast to exceed the Government's plans by an estimated £2,700 million. This has led to calls on the reserve and additional burdens on ratepayers (rates being local property taxes). Aggregate Exchequer grant to local authorities in 1987-88 is planned at £16,400 million, an increase of £1,400 million on the 1986-87 figure. Forty English authorities will be subject either to rate-capping or to automatic control of their precepts (sums collected on behalf of an authority). The Government is legislating to enable existing practice on expenditure for purposes of rate support grant to continue (see p 67). In England and Wales the Government proposes to abolish grant recycling (the process whereby grant not claimed by high-spending authorities is redistributed to all authorities). In Scotland expenditure guidelines and grant penalties for exceeding them will continue. The Audit Commission has estimated that gains in efficiency approaching £2,000 million in value are possible in English and Welsh local authorities. Value-for-money studies are also taking place in Scotland. The Government is continuing to look to local authorities to improve their efficiency and economy; it is therefore introducing legislation to expose a wider range of their services to competition.

Gross capital spending by local authorities in Great Britain in 1986-87 is forecast at £6,600 million. After allowing for capital receipts, particularly from sales of council houses, forecast net spending is £4,100 million, a rise of £500 million over the figure in the 1986 White Paper. However, these figures are subject to some uncertainty. The gross provisions for 1987-88, 1988-89 and 1989-90 are £6,600 million, £6,300 million and £6,500 million respectively.

Public Corporations

The planning total includes the external finance – borrowing and leasing plus government grants – of nationalised industries. Their external finance in 1987-88 and 1988-89 is planned to be £680 million and £350 million higher respectively than provided for in last year's White Paper. The increases are mainly the result of a reduction in energy prices following the oil price fall (particularly with regard to British Coal) and a rise in planned investment. A progressive decline in the external finance requirements of nationalised industries from their 1987-88 levels is expected in 1988-89 and 1989-90. The Government will continue to set demanding targets for these industries.

Other public corporations are expected to contribute around £1,000 million a year to the planning total.

Analysis by Economic Category

By economic category, the 1987-88 planning total is made up as follows: transfers to the personal sector (mainly pensions and other social security benefits) – 35 per cent; other public sector pay (in, for example, local authorities and the NHS) – 27 per cent; purchases of assets, goods and services from the private sector – 24 per cent; departmental running costs (including pay) – 8 per cent; transfers to the corporate sector – 4 per cent; and payments overseas – 2 per cent.

Capital Spending

General government capital spending is expected to remain broadly stable over the period covered by the plans, at around £15,000 million a year. Public sector capital spending is expected to be some £22,000 million a year.

Since the time of the 1986 White Paper, about £1,000 million has been added to gross capital spending for 1987-88 and some £900 million for 1988-89, the largest single increase in each year being for housing.

Table 1
Public Expenditure by Department

£ million

	Estimated outturn 1986-87	Plans 1987-88	1988-89	1989-90
Defence	18,588	18,784	18,980	19,470
Foreign and Commonwealth Office	1,972	2,055	2,130	2,190
European Community	1,090	870	440	1,060
Agriculture, Fisheries and Food	1,905	2,258	2,390	2,490
Trade and Industry	1,607	1,272	1,070	1,000
Energy	230	−85	−50	−240
Employment	3,910	4,032	4,220	4,320
Transport	4,892	5,142	5,080	5,140
Environment – housing	2,815	3,204	3,020	3,090
Environment – other environmental services	4,106	3,847	3,890	3,930
Home Office	5,853	6,216	6,420	6,650
Education and Science	15,954	16,604	17,350	17,840
Arts and Libraries	804	808	830	860
Health and Social Security – health and personal social services	17,965	19,123	19,870	20,750
Health and Social Security – social security	44,474	46,002	47,500	49,300
Scotland	7,805	7,961	8,110	8,220
Wales	3,028	3,192	3,300	3,390
Northern Ireland	4,663	4,877	5,050	5,210
Chancellor's departments	2,096	2,229	2,320	2,430
Other departments	1,536	1,734	1,840	1,930
Reserve		3,500	5,500	7,500
Privatisation proceeds	−4,750	−5,000	−5,000	−5,000
Adjustments	−150			
Planning total	140,400	148,625	154,200	161,500
General government gross debt interest	17,500	18,000	18,000	19,000
Other adjustments	6,500	7,000	7,500	7,500
General government expenditure	164,400	173,700	179,600	187,800

Table 2
Public Expenditure by Function

Percentage shares

	1978-79	Estimated outturn 1986-87	1989-90
Employment and training	1·6	2·7	2·7
Health and personal social services	13·9	15·1	16·0
Law and order	3·7	4·8	5·0
Defence	11·3	12·6	12·1
Agriculture, fisheries and food	1·5	1·6	1·8
Transport	4·8	4·0	3·9
Industry, trade and energy	5·1	2·1	0·9
Housing	7·6	4·1	3·9
Education and science	14·3	13·1	13·4
Social security	25·6	31·1	31·6
Other	10·5	8·8	8·6
Total	100·0	100·0	100·0

Note: Differences between totals and the sums of their component parts are due to rounding.

Table 3
Public Expenditure by Spending Authority

£ million

	Estimated outturn 1986-87	Plans 1987-88	1988-89	1989-90
Central government				
Voted in Estimates	74,368	76,270	78,700	81,100
Other	30,430	31,992	32,500	34,600
Local authorities				
Current	34,488	35,912	37,100	38,250
Capital	4,181	4,264	4,000	4,130
Nationalised industries	986	692	350	−60
Other public corporations	843	995	1,030	1,060
Reserve		3,500	5,500	7,500
Privatisation proceeds	−4,750	−5,000	−5,000	−5,000
Adjustments	−150			
Planning total	140,400	148,625	154,200	161,500

Pay
As for 1986-87, no general assumption about the rate of increase in pay and allowances in 1987-88 has been made. The Government wishes there to be greater flexibility in, for example, the linking of pay more closely to conditions in local labour markets. If overall pay increases are unrealistically high, less money will be available for other purposes; the levels of services, investment and employment will all be correspondingly lower.

Departmental Running Costs
Pay accounts for around two-thirds of departmental running costs, which are also attributable to accommodation, personnel overheads and office services. The use of running costs as a control total helps to improve financial management in departments and also reflects the Government's determination to exert downward pressure on administrative costs. Of the 1987-88 provision for running costs of about £13,000 million, the Ministry of Defence accounts for 39 per cent and the DHSS for 13 per cent.

Manpower
Public service manpower amounted to 5·7 million in 1985-86. Local authorities accounted for 41 per cent, public corporations for 22 per cent, the NHS for 17 per cent, the Civil Service for 10 per cent and the armed forces for 6 per cent.

The revised target of 605,300 civil servants in April 1987 shows an increase of 4,900 over the previous target. The April 1988 target of 590,400 remains unchanged, representing a fall of 141,900 since April 1979. The Government has not announced targets for periods beyond April 1988 but departmental manpower plans show a fall to 582,800 by April 1989 and a slight rise to 583,700 by April 1990. The Government will review the need for continuing separate manpower targets going beyond April 1988 in the light of experience of using running costs as a control.

Manpower in the armed forces is expected to fall from 332,600 in April 1986 to 325,500 in April 1988, reflecting the Government's aim of making more efficient use of the manpower needed for defence purposes.

In 1985-86 there were 989,000 NHS employees in Great Britain, 7 per cent more than in 1978-79. The number involved in patient care is higher than ever before.

At 1,225,000, manpower in public corporations in 1985-86 was 40 per cent lower than in 1978-79. This was mainly the result of privatisation and increases in productivity.

Manpower accounts for around three-quarters of local authorities' current expenditure. In 1985-86 manpower was, at 2,326,000, about the same as in 1978-79. Between 1979 and 1982 manpower fell by some 4 per cent; it has since remained broadly constant apart from an increase in the number sponsored for the Community Programme (see p 390, 1985). Increased resources have been provided for law and order, in line with government priorities, while numbers in education have fallen, reflecting reductions in school rolls.

Regulation of Lloyd's

A number of internal regulatory reforms at Lloyd's have been recommended by a committee of inquiry set up by the Government. The chief proposal is that outsiders should have more influence, and market professionals less, in the regulation of Lloyd's.

The Government has welcomed the report[1] of a committee of inquiry into regulatory arrangements at Lloyd's, the London insurance market. The Secretary of State for Trade and Industry, Mr Paul Channon, said in a parliamentary statement on 22 January (*Hansard*, Vol 108, No 36, cols 1035-41) that the Government believed that the recommendations in the report provided a good basis for improving regulation at Lloyd's. He would discuss the report with Lloyd's and

[1] *Regulatory Arrangements at Lloyds: Report of the Committee of Inquiry*. Cm 59. HMSO, £8·10. ISBN 0 10 100592 X.

would expect to hear its proposals and timetable for action.

The committee's terms of reference were to assess whether the protection provided for people investing their capital as Lloyd's underwriters was comparable to that provided for other investors under the Financial Services Act 1986 (see pp 51-4, 1986). The inquiry was set up about a year ago (see p 53, 1986) after there had been continuing concern about the problems of certain groups of underwriters following a series of improprieties which came to light in 1982. While the Council of Lloyd's has acted vigorously to deal with the problems, the report says, the regulatory arrangements at Lloyd's do not yet provide adequate protection for investors.

Background to the Recommendations

The structure of the market at Lloyd's distinguishes it from that of other financial institutions, the report says, and the regulatory regime must take account of that. The investors (referred to in the financial community as 'Names') are a group of some 29,000 people who put up the capital used to underwrite insurance policies effected through the Lloyd's market. They are grouped together in 'syndicates', of which there are 370. Names must have considerable financial resources before they can be admitted as underwriters, and place their entire personal assets at risk in the course of trade. Actual business is transacted on behalf of the Names by underwriting agents who deal with brokers – who act as the agents of people seeking to take out insurance policies. A further class of agents – managing agents – manage the syndicates, and employ the underwriting agents. Roles are not clearly separated, however, and some 5,400 of the Names work in the market as agents or brokers, and some of the agents act both as underwriting and as managing agents. The remaining 23,550 Names have no professional involvement in the market, and it is the interests of this group that the committee's report concentrates on. The committee say that the interests of these investors cannot be considered in isolation from the interests of policy-holders; the report is therefore careful to make no recommendations which might detract from the current level of protection afforded to policy-holders.

The committee note also that they felt bound to bear in mind the need to avoid jeopardising the efficient operation of a large and important market, whose business represents some 15 per cent of the total overseas earnings of British financial institutions.

Main Recommendations

In the light of all these factors, the committee has decided that it would not be a suitable remedy to end self-regulation at Lloyd's and replace it with external supervision, by a government department or a regulatory body such as the Securities and Investments Board set up to oversee the working of the Financial Services Act.

Instead, the report recommends that the composition of the Council of Lloyd's should be altered so as to reduce the influence of the members who are market professionals. Thus the present composition – 16 market professionals, 8 representatives of non-practitioner Names, and 4 outsiders appointed with the approval of the Governor of the Bank of England – would change so that the number of Council members in each category was, respectively 12, 8 and 8. This would give the same total number (28) but outsiders and non-practitioners would outnumber the market practitioners.

Other proposed reforms that would provide better safeguards for Names are: provision of more information to prospective Names about membership of Lloyd's in general and about the performance of particular agents; other measures to enhance competition between agents; the rewriting of the standard agreement with agents that Names are invited to sign; the improvement of mechanisms for resolving disputes between Names and agents, including the creation of an ombudsman; the bringing in of arrangements for compensating Names for losses (other than those arising from underwriting) that are equivalent to those provided for investors by the Securities and Investments Board; provision for the disclosure by agents of possible conflicts of interest (though the committee decided not to recommend a separation of roles between underwriting agents and managing agents); the introduction of a mandatory examination system for underwriters who plan to operate in the market; and provisions relating to the Council's monitoring and enforcement of the regulatory requirements.

Employment and Training Measures

Further measures designed to motivate and train unemployed people to help them compete effectively for jobs, including the national extension of the Job Training Scheme launched in 1986, were announced by the Secretary of State for Employment, Lord Young, on 28 January.

Introducing his statement in the House of Lords (*Hansard* (*HL*), Vol 483, No 30, cols 1332-4), Lord Young said that unemployment had fallen for five consecutive months, involving a total decline of more than 100,000,[1] while vacancies were at the highest level recorded during the 1980s. Unit wage costs were rising more slowly than the rate of inflation and were 'beneath those of [Britain's] principal overseas competitors'. Britain would 'shortly be entering [its] seventh successive year of economic growth'; some 1 million new jobs had been created since 1983. However, with some skill shortages emerging and the current level of unemployment, there was 'no room for complacency'. The Government had therefore reassessed its employment, enterprise and training measures, and he was asking the Manpower Services Commission to undertake further measures to give priority to the task of motivating and training unemployed people, particularly the young.

[1]In December 1986 the number of people in Britain unemployed, on a seasonally adjusted basis (excluding school-leavers), was 3·1 million, representing 11·3 per cent of the working population (compared with 11·7 per cent in July 1986).

Restart Programe

Lord Young described the progress made with the Restart Programme (see pp 124 and 364, 1986), under which everyone unemployed for a year or more is being offered an in-depth interview at a local jobcentre between July 1986 and March 1987, while in nine pilot areas interviews are being conducted with people unemployed for six months or more. He said that by the end of March 1987 the Commission's staff should have interviewed all the 1·25 million people out of work for over a year. The programme was already helping the long-term unemployed, as indicated by the most recent figures, which showed that long-term unemployment had fallen by 7,000 during the third quarter of 1986, compared with a rise of 25,000 in the third quarter of 1985.

The results of the tests in the pilot areas had convinced the Government that Restart counselling should be extended in two ways, Lord Young continued. First, from the end of March 1987 everyone who became unemployed for more than six months would be invited to attend a Restart interview. Secondly, a Restart interview would then be available every six months, so providing regular contact between the Commission's staff and unemployed people.

Job Training Scheme

Tests of the Job Training Scheme (see p 364, 1986) have been conducted in the same nine pilot areas. It provides around six months of training and work experience leading to a recognised qualification, with entry open to anyone unemployed for more than six months who has attended a Restart interview; priority is given to those aged between 18 and 25. Lord Young said that the Manpower Services Commission had considered the results of the pilot scheme and he had accepted its recommendations in full and agreed with its concern that 'quality be pre-eminent'. The reskilling of Britain was vital for the maintenance of economic progress and declining unemployment. The Government had therefore decided that the scheme should be expanded on a national basis to coincide with the extension of the Restart Programme from March 1987, provided that the Commission could maintain quality in each area. The Commission would be asked to provide up to 110,000 places by September 1987, so that in a whole year nearly 250,000 unemployed people would be given high-quality training in skills to enable them to compete for jobs. It would offer a fresh start, in particular to those aged under 25.

Youth Training Scheme

The Secretary of State said that the successful introduction of the two-year Youth Training Scheme in 1986 (see pp 127-8 and 239-40, 1985, and p 232, 1986) had enabled the Government to guarantee a place under the scheme to all unemployed 16-year-old school-leavers. He proposed extending the guarantee to every unemployed 17-year-old school-leaver. 'Each and every unemployed young person under the age of 18 is now guaranteed high-quality training leading to a recognised qualification', a guarantee unequalled by any of Britain's principal competitors.

Enterprise Allowance Scheme

Lord Young also announced a further increase in the targets for the Enterprise Allowance Scheme, under which payments of £40 a week for up to a year can be made to the unemployed to set up in business. Since its introduction in 1983 the scheme has helped over 200,000 unemployed people to set up in business, and Lord Young said that self-employment was increasing rapidly in all parts of Britain. In 1986-87 some 86,000 places are available at a total cost of £153 million, and a phased increase in the number of places available will provide for 102,500 entrants in 1987-88 and 110,000 in 1988-89.

Agriculture and Forestry

The value of agricultural output rose by 1·5 per cent in 1986 and there was a substantial improvement in farming incomes, according to the *Annual Review of Agriculture 1987*,[1] published on 27 January. During 1985-86 timber production rose considerably and there was a major expansion in the wood-processing industries, according to the annual report of the Forestry Commission.

AGRICULTURE

Farms

In June 1986 there were some 260,000 farm holdings in Britain, a reduction of just under 1 per cent since 1983, with the decline being concentrated among small- and medium-sized full-time businesses. It is estimated that in 1986 less than 3 per cent of output came from the 44 per cent of farms in the smallest size group (generally part-time farmers), while the 11 per cent of holdings in the largest size group accounted for about 55 per cent of output. In Northern Ireland and Wales output from small-scale farms is relatively more important than in other parts of Britain.

The average size (including rough grazing) of full-time businesses is just over 106 hectares[2] compared with almost 104 hectares in 1983. Increased specialisation and continuing decline in the number of holdings have contributed to an increase in the average size of enterprises. Between 1983 and 1986, for instance, the number of holdings growing cereals fell by about 4 per cent, while the average area of cereals grown by each holding increased by 6 per cent. During the same period there was a decline of 15 per cent in the number of holdings growing potatoes, but those producing oilseed rape increased by about 41 per cent. There was a rise in the number of farms with breeding sheep: the average flock size rose by about 2·5 per cent and about 44 per cent of all breeding sheep are in flocks of 500 or more. The number of holdings with dairy cows dropped by 9 per cent, but the average size increased by some 3 per cent.

[1] *Annual Review of Agriculture 1987*. Cm 67. HMSO, £6·60. ISBN 0 10 100672 1.

[2] 1 hectare = 2·47 acres.

In England, Scotland and Wales 71 per cent of holdings were wholly or mainly owner-occupied in 1986 compared with 54 per cent in 1960-61, and the proportion of agricultural land farmed by its owner increased from 52 per cent in 1960-61 to 61 per cent in 1986. Almost all farms in Northern Ireland are owner-occupied.

Farm Output

Gross output in 1986 is estimated at £12,198 million, a rise of £197 million (1·5 per cent) compared with a fall of 5 per cent in 1985, although output in real terms is expected to have changed little. The rise in value terms is mainly attributable to an increase of 1·5 per cent in prices paid to farmers, particularly for potatoes, the average annual price of which is forecast to have risen 52 per cent in 1986 (compared with a fall of similar magnitude in 1985). Although the tonnage of potatoes sold is expected to have fallen by over 7 per cent, their output value is estimated to have risen by 42 per cent. Gross output of milk is expected to show an increase of 4·5 per cent, horticulture nearly 5·5 per cent and poultrymeat 7 per cent.

Productivity

Productivity, measured by the index of gross agricultural product at constant prices for every full-time worker equivalent,[1] increased on average by over 6 per cent annually during the ten years up to 1985, when there was a fall of about 4 per cent. In 1986 the index is expected to have risen by just over 2 per cent, reflecting a decline in total agricultural labour input. The number of people engaged in agriculture in 1986 is provisionally put at some 680,000, of whom 149,000 were regular full-time workers, 156,000 part-time, seasonal or casual workers and 366,000 were farmers, partners and directors and their spouses.

The review says that an alternative measure of productivity could be obtained by comparing the ratio of the volume of gross output to the volume of productive inputs employed, such as labour, usage of capital items and materials. Measured in this way provisional calculations suggest a rise in productivity of about 3 per cent a year over the last decade and 2 per cent over the last five years.

Investment and Public Expenditure

The value of new investment in fixed assets is estimated to have fallen by 15 per cent in 1986 to £1,065 million. Expenditure on buildings and works is thought to have been £450 million, a fall of 13 per cent compared with the 1985 level, and that on plant, machinery and vehicles is thought to have been £615 million, 16 per cent lower than in 1985. In aggregate, the volume of total gross fixed capital formation is estimated to have fallen by about 17 per cent compared with 1985.

Public expenditure in Britain on market regulation under the European Community's Common Agricultural Policy is expected to be about £1,296 million in 1986-87, compared with some £1,840 million in 1985-86. Other expenditure on agricultural support, including price guarantees, capital grants and assistance for agriculture in special areas, is also expected to be lower in 1986-87, at £282 million.

[1]This reflects changes in, for example, plant and animal breeding and the organisation of farming; and movements in the numbers of people engaged in agriculture and short-term fluctuations caused by factors such as the weather.

Income

Farming income, which measures the return to farmers and their spouses for their labour, management and own capital invested, is estimated to have risen by 21 per cent to £1,411 million, following a fall of 45 per cent in 1985 (in bad weather conditions), but there were marked variations within Britain.

Commodities

In 1986 cereals were grown on 4·03 million hectares, a net increase of 13,000 hectares since 1985, with a record area devoted to wheat. Total cereal production is expected to reach 24·4 million tonnes, a rise of 2 million tonnes on 1985 and the second highest tonnage ever.

The area sown with oilseed rape in 1986 expanded by 1 per cent to some 299,000 hectares; average yields, at 3·25 tonnes a hectare, were higher than the 1985 level. Production is expected to have been 971,000 tonnes.

Because of poor weather, potato plantings in 1986, at 177,000 hectares, were well down on the target area for Britain of 190,000 hectares. Total production is expected to have been 6·3 million tonnes.

The review estimates that the harvested area of sugar beet was about 200,000 hectares, about 2,000 hectares less than in 1985, and that the crop may have yielded 1·25 million tonnes of white sugar.

The area devoted to horticulture in 1986 was about 210,000 hectares, compared with 212,000 hectares in 1985. Yields varied considerably, but there were particular increases for blackcurrants (where output rose by nearly 30 per cent) and cabbages, and good yields for a number of other horticultural crops.

Livestock

The June 1986 census showed a decline of just under 1 per cent on the 1985 figure in the total cattle-breeding herd. The size of the beef-breeding herd fell by 2·5 per cent, while that of the dairy herd, which accounts for about 70 per cent of all breeding cows, fell only marginally. Home-fed production of beef is expected to be about 9 per cent lower than in 1985, at 1,018 million tonnes. However, the average yield for each cow is thought to have risen by 2 per cent, leading to an increase in the level of milk production of 1 per cent and a total of 15,610 million tonnes. Provisional figures for 1986 show that there were 12·5 million cattle and calves, including 3·1 million dairy cows and 1·3 million beef cows.

The sheep-breeding flock expanded by just over 3 per cent between June 1985 and June 1986. Home-fed production of sheepmeat is expected to have fallen by 1 per cent, to 309,000 tonnes. Wool production is estimated to have been 42·2 million kg (93 million lb), the highest so far recorded. The estimated number of sheep and lambs was just over 37 million.

Pigmeat production is estimated to have been 967,000 tonnes, compared with 945,000 tonnes in 1985. Poultrymeat production is estimated to have been 922,000 tonnes, compared with 874,000 in 1985, and a further increase is forecast in 1987.

FORESTRY

In its report for 1985-86,[1] the Forestry Commission (responsible for the promotion of forestry, the establishment and maintenance of adequate reserves of growing trees, the production of timber and the development of recreational facilities in the forests it manages) records unprecedented growth in timber production and major expansion of wood-processing industries. In addition the Commission says that there is increasing interest in forestry issues and the relationship between forestry, conservation of the countryside and other land use interests, while agricultural surpluses have concentrated attention on woodland as a farm crop. The Commission sees its chief duty as contributing as much as possible towards Britain's timber needs, which are among the highest in the world. The Commission's parliamentary grant for 1985-86 was £53·4 million.

Forest land owned by the Forestry Commission in Great Britain totalled some 927,750 hectares in 1985-86: 244,900 hectares in England, 135,600 hectares in Wales and 547,250 hectares in Scotland. New planting (including restocking) covered 11,630 hectares, all but a small proportion being planted with conifers. For the first time in the Commission's history, the area restocked (7,297 hectares) substantially exceeded the area of new planting (4,333 hectares). The Commission's reserve of land for planting is about 30,000 hectares. Grant-aided plantings by private woodland owners covered 23,358 hectares, the highest level for 13 years, new planting accounting for 19,019 hectares. Broadleaved planting increased to 2,341 hectares, compared with 1,647 hectares in 1984-85.

Total volume of wood harvested on Commission lands in 1985-86 totalled 3·1 million cubic metres,[2] a 9 per cent increase compared with 1984-85. Income from timber sales totalled £64·1 million, an increase of 20 per cent.

British timber, says the report, has expanded its share of the sawn softwood market. In 1985 consumption in Britain totalled 7·8 million cubic metres and domestic production increased by 19 per cent to some 1·4 million cubic metres, 18 per cent of total consumption. The newsprint mill at Shotton in north Wales, officially opened in December 1985, relying solely on home-grown timber and a major customer of the Commission, is the largest wood-processing plant in Britain and capable of producing 200,000 tonnes of newsprint a year; it now meets 14 per cent of Britain's newsprint requirements.[3] The Commission's sales of small roundwood to British industry more than doubled. Total consumption of wood products in Britain in 1985 (assessed in terms of wood raw material equivalent) amounted to about 40 million cubic metres, of which home-produced roundwood accounted for 11 per cent.

Forestry and the Environment

The report refers to a number of measures connected with the implementation of the initiatives announced by the Government in July 1985, 'designed to maintain and enhance the value of Britain's broadleaved woodlands for timber production, landscape, recreation and nature conservation'. The broadleaved woodland grant scheme, set up in October 1985, is the latest (and at higher rates of grant) to encourage the rehabilitation of existing broadleaved woodlands and the establishment of new ones. It attracted over 1,800 applications in the first six months, covering over 11,000 hectares, of which 9,000 were in England. During 1985-86 the Commission grant-aided some 850 hectares of new broadleaved planting under its various schemes.

In addition to the Commission's general duty to conserve the natural beauty and amenity of the countryside, the Wildlife and Countryside (Amendment) Act 1985 (see p 255, 1985) has emphasised a further duty: to achieve a reasonable balance between the needs of forestry and those of the environment. Among the consultations undertaken in this respect are those connected with the reafforestation of the low-lying peatlands of east Sutherland and Caithness (Highland) in Scotland, involving discussions with the Nature Conservancy Council and the Royal Society for the Protection of Birds to identify conservation concerns and to avoid conflicts of interest. Research into the effects of pollution on tree health has continued. Surveys of conifers in Scotland, for example, have shown no signs of damage associated with air pollution, and low-level damage from pollutants is being studied in a new project at three sites: Headley in Hampshire, where air quality will be continuously monitored; Glendevon in Tayside; and Matlock in Derbyshire.

Changing Patterns of Land Use

Afforestation, the report states, has traditionally been confined to relatively poor and inhospitable upland sites, food production taking priority on all suitable land. The European Community, however, has recently stressed the importance of Community forests for economic, social, environmental and recreational purposes, and a consultation paper issued by the Government in September 1985 concluded that farm woodlands were capable of making a valuable contribution to farm income and providing environmental benefits, and that their planting should be encouraged. In March 1986 measures were announced to increase the rate of planting in Scotland.

Forest Design and Recreation

Large areas of the Commission's upland forests now approaching maturity provide an opportunity for redesign, says the report. Relatively uniform first-generation forests are being converted into woodland more varied in terms of age, shape and species; the objectives of wood production, good landscape and enhanced conservation value may thus be harmoniously achieved. Kielder Forest in Northumberland, for example, the largest man-made forest in Britain, where plantings began in 1926, is expected to become a fully productive forest. Felling and restocking are being done in such a way that considerable benefits and variety of landscape and conservation will result. Open areas, deer lawns and ponds will help create a more diverse and interesting appearance and some 560 km (350 miles) of watercourses will have broadleaved trees planted alongside. In 1985-86 the Commission

[1] *Forestry Commission. 66th Annual Report and Accounts 1985-86.* HMSO, £10. ISBN 0 10 255486 2.

[2] 1 cubic metre = 35·316 cubic ft.

[3] A Finnish company is to set up, at a cost of £250 million, a pulp and paper mill at Irvine in Strathclyde. The Forestry Commission has contracted to supply about half the mill's requirements, expected to total some 200,000 tonnes a year.

undertook major design projects on Dartmoor and in Scotland and Wales.

Among its recreational sites, the Commission has started improvements at its visitor centres in Grizedale Forest in Cumbria, opened in the mid-1960s, and in Coed y Benin Forest in north Wales. Both projects aim to improve understanding of its work and the role of forestry in the countryside.

Nuclear Energy

The granting of planning permission for Britain's first pressurised water reactor (PWR) nuclear power station, which would be at Sizewell (Suffolk), is recommended by the inspector, Sir Frank Layfield, in his report, published on 26 January.[1] Sir Frank concludes that it is in the national interest to build a PWR (which would be the 'least-cost' means of adding new generating capacity) and that this can best be met at Sizewell.

A parliamentary debate will be held before a decision on the application is taken by the Secretary of State for Energy, Mr Peter Walker.

Background

Nuclear power is already responsible for about 20 per cent of electricity generated by the public supply system in Britain. There are 14 nuclear power stations in operation controlled by the electricity authorities, while four other stations (two run by British Nuclear Fuels plc and two by the United Kingdom Atomic Energy Authority) also feed electricity to the national grid. The electricity authorities' stations comprise nine Magnox stations (including the Sizewell A station) with a gross capacity of about 4,000 megawatts (MW), commissioned between 1962 and 1971; and five Advanced Gas-cooled Reactors (AGRs), two of which began operating in 1976 and the remainder in 1985, while two more under construction should be completed by 1988.

In 1978 the then Labour Government decided that, following a review of nuclear reactor policy, the nuclear power programme should not be dependent upon a single reactor system (the AGR) and that Britain would develop the option of proceeding with a PWR system in the early 1980s (see p 70, 1978). The present Government's support for further nuclear stations was affirmed in a statement in 1979 by the then Secretary of State for Energy, Mr David Howell (see pp 23-4, 1980), together with its wish that the next nuclear power station order should be for a PWR. In 1980 the Central Electricity Generating Board (CEGB) chose Sizewell as the site for the first PWR and in 1981 it applied for planning permission to build such a station to a design developed in Britain under licence from United States companies. A public inquiry was held between January 1983 and March 1985; the inquiry was in progress on 340 days, making it the longest public inquiry held in Britain.

CEGB Proposal

According to the inspector's report, the CEGB wishes to build a 1,200-MW PWR at Sizewell as soon as possible on the grounds that it will reduce the costs of electricity generation, help to diversify its sources of fuel, establish the feasibility of the PWR as a candidate for future nuclear reactor orders, and help in providing capacity to meet the demand for electricity. The CEGB submitted to the inspector that there were no reasons of safety or environmental effects which would justify withholding approval. It suggested that the South East was the best area for the first PWR and that, of three sites with potential for a nuclear reactor development, Sizewell had advantages for early development.

Opposing Views

Objectors to the project contended that the application should be refused on grounds of safety. Among the arguments were that nuclear power was highly dangerous and could not be used safely; PWRs were unsafe, or less safe than gas-cooled reactors, as indicated by a number of accidents, such as at Three Mile Island in the United States in 1979 (see pp 23-4, 1980), which could have developed into major accidents; the safety criteria applied to the Sizewell B design were not strict enough; the potential consequences of major accidents were intolerable; the risks to operators and the public from normal operation were too large; the effects of radiation had been underestimated; and the institutional arrangements for ensuring nuclear safety and the emergency plans for coping with an accident at Sizewell B were inadequate. They also maintained that there was no economic case for the plant, commenting that the CEGB had underestimated the costs of construction and overestimated plant performance and future fossil fuel prices so that the reactor would not save on costs when these estimates had been corrected. The objectors also said that a number of projects (such as the development of alternative sources of electricity supply and measures to reduce electricity demand) offered the prospect of a higher economic return than Sizewell B, while fuel diversity could be increased in a number of ways other than by the construction of the plant. On siting and local environmental aspects, among the main criticisms were that Hinkley Point (Somerset) would be a better site and that associated road development would be damaging to the environment.

INSPECTOR'S CONCLUSIONS

In reaching his conclusions on the CEGB's application, the inspector says that he had to weigh the safety, economic and environmental considerations, taking into account particularly the CEGB's statutory duties for security and economy of electricity supply, for amenity and safety; the Government's policy; and the policies of the local planning authorities in considering whether the detriment to the locality arising from the project would be justified by the national interest.

Safety

Sir Frank says that in examining the safety question he kept in mind a number of factors including the fact

[1] *Sizewell B Public Inquiry. Report by Sir Frank Layfield: Summary of Conclusions and Recommendations.* HMSO, £4·95. ISBN 0 11 411576 1. The full report is available in eight volumes. HMSO, £30. ISBN 0 11 411575 3.

that it would be the first large-scale PWR in Britain, although there was substantial experience in other nuclear reactor technology, together with a long record of general engineering excellence; the large amount of world-wide PWR operating experience, to which the CEGB has access; the CEGB's outstanding safety record; the possibility of a nuclear energy accident that could kill hundreds or thousands of people, although this was not unique to nuclear energy; the more stringent safety standards applied to nuclear power safety than to the safety of comparable activities; and that the burden of proof was on the CEGB to show that the plant would be safe rather than on the objectors to show the contrary view.

Although the examination of safety was not exhaustive, the most important safety problems and those which caused particular public anxiety were examined in depth. Sir Frank points out that a number of safety aspects had to be left to the Nuclear Installations Inspectorate (NII)[1] of the Health and Safety Executive and to the CEGB to resolve as part of the nuclear site licensing process. Accordingly, it was important that he and his assessors should be satisfied with the reliability and competence of both organisations. He places considerable reliance on them to provide continuing assurance of safety, and he is confident that such reliance is justified. 'Both organisations demonstrated an impressive degree of technical competence. No significant shortcomings were revealed except in regard to the management of the licensing process' (which caused delay but did not prejudice safety).

The CEGB's safety case for Sizewell B was based principally on an engineering analysis of safety, with an important part of the analysis involving testing whether the plant conformed to certain limits on the severity and probability of accidents. The CEGB and the NII set safety criteria based on three main foundations: established engineering practice and standards; an assessment of the level of risk that would be tolerable; and the widely used principle of safety in Britain that risks should be reduced to a level which is as low as reasonably practicable. The inspector concludes that the CEGB's and the NII's criteria by which plant safety is judged are generally satisfactory, their approach to design and to safety assessment is sound, and 'the safety criteria for both normal operation and for accidents are likely to be generally satisfied by the design'. He says that 'the risks from Sizewell B would be likely to be dominated by those from normal operation', but 'these risks would themselves be very small'.

Among the detailed points on safety considered, the inspector places 'great importance on the NII's role in monitoring the development and implementation of the quality assurance programme for Sizewell B, and on the Inspectorate's use of independent expertise and regular reviews of the programme'. He recognises that accidents that might be caused or aggravated by human error represented one of the most widely held reasons for anxiety and regards human factors 'as of outstanding significance in assessing the safety of Sizewell B'. He says that 'the most meticulous and exhaustive attention must be paid to minimising the occurrence and effects of human error', concluding that the CEGB has the commitment and resources to enable it to deal adequately with this aspect of the reactor; 'overall, the CEGB's case on human factors is satisfactory'. On the radiological risks from the plant, there was disagreement about the likely levels of doses to workers, although it was agreed that such doses could not be precisely estimated. 'The minimisation of doses to workers is of major importance', but although the CEGB did not justify its optimism in assessing doses to workers, 'nor was there sufficient evidence to justify refusing consent for Sizewell B on the grounds that doses would be too high'. However, if the plant is built, 'it is essential that the CEGB and the NII ensure that doses to workers are kept as low as reasonably practicable'. Exposure to the public as a result of the normal operation of Sizewell B would occur principally from liquid and gaseous discharges of waste. However, the evidence shows that releases from the two Sizewell stations combined would be small in relation to the dose limits recommended by the International Commission on Radiological Protection and within the targets set by the CEGB, the NII and the authorising departments.

The inspector looked at other safety aspects of the nuclear fuel cycle, such as transport of spent fuel (which is highly radioactive) and radioactive waste management, and concludes that there are no other safety problems caused indirectly by Sizewell B that would give rise to intolerable risks.

Economic Factors

The inspector's understanding is that the application for Sizewell B was primarily on cost-saving grounds, but the CEGB later placed more weight on the need for extra generating capacity to meet electricity demand. In his assessment of the alternatives to provide a comparison, Sir Frank says that the only feasible alternatives for consideration on cost-saving grounds were the AGR and a coal-fired station, as the evidence showed that it was unlikely that any of the other possibilities – combined heat and power/district heating, the Severn Barrage (see p 278, 1986), advanced fossil fuel technologies, renewable energy sources, other nuclear technologies and imported supplies – would be developed in sufficient time. The cost-saving case depends on the CEGB's ability to build to time and cost. According to the inspector, the evidence shows the generally poor construction record in Britain and overseas, but it also indicates that the CEGB has learnt from experience, and he cites the encouraging performance in building the two most recent AGRs. On the assumptions used, Sir Frank concludes that it should be cost-saving to build Sizewell B in advance of need (although the case is not as strong as that assumed by the CEGB); that Sizewell B should have lower costs than an AGR, with only a small probability – about one in five – of the reverse happening; and that it should have lower costs than a coal-fired station, with a much smaller probability – about one in 40 – of it being more costly.

In terms of capacity needs, Sir Frank says that for a new power station to be justified it should meet two criteria: it should be required to meet electricity demand; and it should be the least-cost choice for meeting that demand. His opinion is that there is 'a very low probability, even allowing for the development of other generating technologies, that a start to building the next station could be delayed much, if at all,

[1]The NII has the responsibility for determining and developing safety requirements and ensuring that safety precautions are taken by the licensees in accordance with the conditions of nuclear site licences, as required by the Nuclear Installations Act 1965.

beyond 1987 if it is to precede the date when capacity need first appears'. 'On most assumptions, Sizewell B should be the least-cost choice', and on economic grounds should go ahead now rather than be delayed until it is required.

The development of a further nuclear station would also be a 'valuable step in achieving greater fuel diversity', in line with the CEGB's statutory duty to provide an efficient, economical and continuous supply of electricity. An ability to use more than one fuel can be a safeguard to the CEGB's customers against risks of substantial movements in fuel prices, interruptions in supply of a particular fuel and the use of monopoly power by a fuel supplier.

Sir Frank refers to considerable improvements in construction and performance of the AGR and says that, if its performance continues to improve, 'it may well merit a reappraisal of reactor system choice when the figures are sufficiently reliable'. He notes the problems involved in continuing to build two types of reactor, and says that the Secretary of State will wish to take into account the AGR's future when considering the CEGB's application.

Site Selection

The site at Sizewell, the inspector says, 'meets the CEGB's technical, economic and environmental requirements, and complies with the Government's siting policy for nuclear power stations'. It has all the necessary technical characteristics for a large power station, being well placed for connection to the national grid and to assist in meeting high electricity demand in London and the South East. Very few sites are suitable for a large station and, on the limited evidence given, Sizewell is better than the only other site suggested, Hinkley Point.

Environmental Factors

Sir Frank notes that the reactor site lies in 'an area of secluded beauty and scientific interest'. It is within an area of undeveloped coast of particular scenic beauty defined as a 'heritage coast', within an 'area of outstanding natural beauty', and is close to areas of considerable ecological value including sites of special scientific interest and a national nature reserve. Apart from Sizewell A, there are no major industrial structures in the area, and the development of Sizewell B would be 'a massive intrusion into the area'. Construction of the plant would have an adverse effect on the environment and on local inhabitants, with particular disruption from the transport of materials and of construction workers; a proposed access road would be ecologically damaging and the CEGB's case for the road had not been proved. 'If approval is given to Sizewell B on grounds of national need, it is important that comprehensive and effective ameliorative measures are taken to minimise the serious local drawbacks that would be caused by the project.' However, draft conditions and undertakings agreed with the local planning authorities constitute a comprehensive series of measures which would reduce substantially the potential for environmental damage.

Main Conclusion

In conclusion, Sir Frank says that the CEGB has shown that 'the proposed PWR is likely to save generating costs and to provide a base-load station to meet capacity need'. A new station is required to meet capacity need and should be approved in the near future, while the proposed PWR is likely to be the least-cost means of adding such capacity. 'There is national interest in building a PWR; that national interest in building the station can best be met at Sizewell.' The CEGB has demonstrated that 'national need overrides the local interest in favour of conservation'. His conclusion that the risks would be tolerable depends on the NII's continuing satisfaction with safety through the design, construction and operational phases if consent is given. The expected national economic benefits are sufficient to justify the risks that would be incurred. Accordingly, his overall conclusion is that planning permission for Sizewell B should be granted (although he recommends refusing permission for a second access road). Sir Frank also makes a number of other recommendations on safety and other aspects, for example, suggesting high priority to a proposed review by the Health and Safety Executive of the NII's safety assessment principles and proposing a number of changes in arrangements connected with emergency plans for nuclear power stations.

Shorter Notes

RATE SUPPORT GRANT

The Government has announced the 1987-88 rate support grant settlements[1] for England and Wales. These are calculated on the assumption that the Local Government Finance Bill (see below) will become law.

In England, local authority relevant expenditure (expenditure taken into consideration when fixing grant) has been set at £27,746 million. Aggregate Exchequer grant will amount to £12,842 million (46 per cent of relevant expenditure, as in 1986-87). Specific grants (for, among other things, law and order, housing improvement and the Urban Programme) will total £3,106 million, transport supplementary grant £180 million and national parks supplementary grant £7 million, leaving £9,549 million for rate support grant. Of this, domestic rate relief grant is £717 million and block grant £8,832 million.

In Wales, relevant expenditure has been fixed at £1,734 million. Aggregate Exchequer grant will be £1,157 million (67 per cent of relevant expenditure, as in 1986-87). Specific grants will amount to £205 million, transport supplementary grant £21 million and national parks supplementary grant £3 million, leaving £928 million for rate support grant. With domestic rate relief grant amounting to £26 million, block grant comes to £902 million.

The Local Government Finance Bill was given a second reading in the House of Commons on 12 January by 247 votes to 179, a government majority of 68. The aim of the Bill is to validate the current

[1]Rate support is a system whereby central government supplements the finances for current expenditure of local authorities (about one-third of which is derived from rates – local property taxes) so that they can provide services for which they are responsible to similar standards while reducing disparities in their rates.

method of setting grant. The Local Government, Planning and Land Act 1980 (see pp 69-70, 1980) defined 'total expenditure' (used as the basis for calculating grant) as expenditure to be financed out of a local authority's rate fund, which it is required to keep. This raised the question as to whether the rate fund should be interpreted widely (that is, to include all revenues) or narrowly (so that revenues arising from housing rents, trading activities and so on were kept separately). Almost all authorities were of the view that the narrow interpretation was more in keeping with accepted accounting practices. Accordingly, in arriving at the 1981-82 and subsequent settlements, the Government used the narrow definition (as it had for many years on the basis of earlier legislation). However, legal advice taken towards the end of 1986 supported the view that this treatment was incorrect in law. As a result, the Local Government Finance Bill was introduced to allow existing practice to continue.

Sources: *Rate Support Grant Settlement 1987-88*. Department of the Environment; *Statement to the Welsh Consultative Council on Local Government Finance*. Welsh Office; *Hansard*, Vol 108, No 28, cols 36-118.

CITY TAKEOVER CODE

The Government is to set up a review of the effectiveness of the system for ensuring that acceptable standards of conduct are followed by the parties involved in takeovers. The review will consider what further support can be given to the takeover panel, which has prime responsibility for supervising takeovers in the present self-regulatory system. (Properly known as the City Panel on Takeovers and Mergers, the panel was set up in the late 1960s and is staffed by a full-time professional executive advised by leading practitioners. Its rules on takeovers, published in a City Code in 1968, are not legally enforceable.)

The review arises out of concern expressed about the conduct and policing of takeovers, following the discovery that irregular dealings in shares could have affected the outcome of a recent contest between two major companies which were both attempting to take over a third one. Share dealings effected by the successful company are now under investigation by Department of Trade and Industry inspectors.

Announcing the review during a parliamentary debate on 28 January, the Secretary of State for Trade and Industry, Mr Paul Channon, said that those taking part would be his department, the Bank of England, the Treasury, the takeover panel, The Stock Exchange and the Securities and Investments Board (see pp 151-2, 1986). They would consider whether there should be additional action to ensure greater disclosure of material interests in takeover bids, and whether the rules on certain forms of disguised involvement (such as nominee shareholdings) should be changed; how to ensure that essential information could be passed rapidly to the regulatory body most able to take quick and effective action, and that current statutes are used to best effect to support the panel; how best to reflect the provisions of the City Code in the rules to which investment businesses will be subject under the Financial Services Act (see pp 51-4, 1986); and whether the panel has sufficient resources and an adequate representation of people from the bodies supervising investment businesses under the Act.

Closing his statement, Mr Channon warned the financial community that if practitioners did not respect the present self-regulatory system, it would be replaced by one making greater use of statutory powers and sanctions.

On 30 January the takeover panel announced rule changes to tighten-up its code applying to the shares of companies involved in takeover bids, including the lowering of the threshold at which shareholdings must be disclosed from 5 per cent of the ownership or control of shares in any company to 1 per cent, and a requirement for the owner or controller of shares dealt in to be named publicly.

Source: *Hansard*, Vol 109, No 40, cols 371-2

INSIDER DEALING

In a further move to improve the effectiveness of the law on insider dealing the Government has announced that an amendment will be brought forward to the Criminal Justice Bill (see pp 379-82, 1986) increasing the maximum penalty to seven years imprisonment. The penalty for conviction on a charge of insider dealing is at present a maximum term of two years, under the Companies Securities (Insider Dealing) Act 1985. The proposal to amend the Bill follows the introduction of new powers to investigate insider dealing in the Financial Services Act (see p 25).

Announcing the amendment in a parliamentary written answer on 21 January, the Secretary of State for Trade and Industry, Mr Paul Channon, said that the Government had decided that the maximum penalties for insider dealing should reflect the seriousness of the offence, which could do great damage to confidence in British financial institutions.

Source: *Hansard*, Vol 108, No 36, written answers, col 583.

STOCK EXCHANGE: THIRD MARKET

A new securities market – the Third Market – opened for trading under the aegis of The Stock Exchange on 26 January. Like the Unlisted Securities Market (USM) which started up just over six years ago (see p 372, 1980), the Third Market will offer a regulated market-place in which small and new companies – too small to trade on the main 'listed' Stock Exchange market – can raise equity finance. The difference between the new market and the USM will be that companies will have to meet even fewer, or less demanding, requirements in order to qualify for the

Third Market. They need only to be able to demonstrate a one-year trading record, for example, compared with a three-year record for the USM and a five-year record for the full listed market.[1]

Shares in eight companies came on to the market on the first day, and another company was admitted on the second. Some 440 bargains were struck on the first day, and over 1,000 during the first week, involving some 10 million shares in dealings worth £5 million. The number of companies with shares traded on the market is expected to grow quite rapidly; The Stock Exchange said on 20 January that its member firms were known to be preparing about 70 small companies for admission. The USM, for comparison, opened with 11 companies in 1980; it has since admitted over 500 companies and the market is capitalised at almost £5,000 million.

The activities of the nine companies quoted on the Third Market so far include mineral exploration, manufacturing, insurance broking, publishing, health clubs and restaurants.

Source: Stock Exchange press notices, 20.1.87 and 2.2.87.

BRITISH-US BANKING ACCORD

Banking supervisors in Britain and the United States have reached agreement on proposals for a common system of measurement which will be used to ensure that banks have adequate capital. In joint announcements on 8 January the Bank of England and the Board of Governors of the Federal Reserve System said that, with the rapid growth of international banking, the case for common requirements on capital adequacy among countries with major banking centres was growing ever stronger, both on prudential and competitive grounds. The Bank and the Board hoped that their proposals would provide a basis which other countries could follow.

The central proposal is that the capital base of any bank should bear a minimum ratio to its total risk assets, the latter being measured according to a weighting system.

Under the accord, the capital base of a bank will be its 'primary capital base', representing resources which can be used to meet current losses while leaving the bank able to continue operating as a going concern. The main components of this are a bank's own capital in the form of equity issued to shareholders, and reserves in the form of retained earnings. Interests in subsidiaries that are consolidated for supervisory purposes, general provisions for losses, and holdings of certain long-term financial instruments are also included in the definition of primary capital base.

The total of weighted risk assets is calculated by applying a weighting to each broad category of asset (cash and claims on other bodies or people). The weightings are in five bands (0, 10, 25, 50 and 100 per cent) and are applied mainly on the basis of the status of the other party to any transaction, although the maturity of different financial instruments is also taken into account to some extent. Cash and claims on the domestic central bank are regarded as bearing no significant banking risks, for example, and are therefore assigned a weighting of 0 per cent. Non-banking and non-governmental bodies, on the other hand, are generally weighted at 100 per cent. Certain other asset risks, relating to holdings of securities and to interest rate and foreign exchange rate contracts, will require further consideration before they can be satisfactorily included in the proposed weighting system. A further class of transactions which do not at present need to be recorded in banks' balance sheets are, however, included in the weighting system by means of a method for converting any credit-type risk they bear into an 'on-balance sheet' equivalent. The Bank and the Board note that interest rate and exchange rate contracts and 'off-balance sheet items' have all been areas of very rapid growth in recent years.

Using the agreed approach, the Bank of England and the US supervisory authorities will publish a common minimum ratio of primary capital to total weighted risk which will apply to all banks in both countries. In addition, the Bank will set a minimum individual primary capital ratio for each institution it supervises. This will remain confidential and, for the great majority of banks, is likely to be significantly higher than the minimum published ratio.

Comments on the proposals are invited from banks and other interested parties by mid-April. The British and US supervisory authorities will jointly consider the comments, and intend to introduce the new system as soon as possible after the period of consultation.

Source: Bank of England press notice and explanatory note, 8.1.87.

ROYAL DOCKYARDS

Arrangements are proceeding for the transfer in April of the management of the naval dockyards at Devonport, near Plymouth in south-west England, and at Rosyth, near Edinburgh, to private sector companies. The Government's preferred contractor for the management of Devonport dockyard is Devonport Management Ltd, a consortium consisting of Brown and Root (UK) Ltd, the Weir Group PLC, and Barclays De Zoete Wedd Ltd; management at Rosyth is to be placed in the hands of Babcock-Thorn Ltd, a company jointly owned by Thorn-EMI Electronics Ltd and Babcock Power Ltd.

In 1985 the Government decided that Devonport and Rosyth should be exposed to the stimulus of competition in the private sector, but that security considerations prevented full privatisation. The two yards between them repair most of the Royal Navy's warships and all of its submarine fleet. The Government will therefore retain ownership of both Devonport and Rosyth whilst giving private companies contracts to manage them for seven-year periods. It is hoped that this will result in savings from increased efficiency of up to £320 million over a ten-year period.

As a further safeguard to national security the Government has restricted non-British interests in

[1]For further information on the main market see COI reference paper *Britain's Stock Exchange*, No 172/86.

these management companies to 30 per cent. Hence the Brown and Root company, which is a wholly owned subsidiary of the American Halliburton company, will own only 30 per cent of Devonport Management Ltd, with the Weir Group taking 25 per cent and Barclays De Zoete Wedd 45 per cent. The latter, a merchant bank, would probably be allowed by the Government to sell some of its shareholding to Devonport Dockyard employees at a later date.

Although consultations under the Dockyard Services Act 1986 with the trade unions at Devonport are not yet completed, the Government expects that the yard will come under new management on 6 April 1987.

Sources: *Hansard*, Vol 108, No 35, col 891; Vol 109, No 39, col 183.

SUPPORT FOR SEMICONDUCTOR RESEARCH

On 13 January 1987 Mr Geoffrey Pattie, Minister of State for Industry and Information Technology, announced that the Government is to spend up to £25 million under the Support for Innovation Scheme (see pp 296-7, 1982) to help users and manufacturers of integrated circuits based on gallium arsenide. 'This support', the minister said, 'aims to encourage early exploitation of gallium arsenide in projects which will build on the substantial research base already in existence in the United Kingdom and, I hope, lead to marketable products. This . . . initiative aims to avoid fragmentation and duplication of effort by industry, and to assist in addressing the increasing competition from Japan and the United States.' The Department of Trade and Industry is soliciting proposals for collaborative activities in this field from companies and universities; they will be assessed by an Industry Strategy Panel consisting of experts from industry and government.

Gallium arsenide is one of a new type of man-made compounds that could form the basis of the next generation of super-fast computers. Transistors based on gallium arsenide can switch on and off more than 5,000 times faster than their silicon equivalents and can be made to switch quicker than any available machine can measure. The high-frequency capabilities of gallium arsenide chips also open up the possibility of microwave communications systems and cheaper direct broadcasting by satellite. In addition, the material emits infra-red light which in the longer term may be combined with fibre-optics communications systems to produce even more sophisticated electronic devices.

The main problems associated with gallium arsenide are that it is expensive and difficult to work with. The British Plessey company is one of several that are seeking to overcome the latter problem by bonding the gallium arsenide chip in a wafer of some more malleable material, such as silicon. The high cost of the new material means that silicon will probably continue to be used in applications where speed is not an overriding concern.

Source: Department of Trade and Industry press notice, 13.1.87.

RADON

Measures to deal with the problems of naturally occurring radon gas in houses were announced by the Minister of State at the Department of the Environment, Mr William Waldegrave, in a statement in the House of Commons on 27 January.

Radon-222 is a naturally occurring radioactive gas which comes out of the ground, particularly in and around areas of igneous rock such as granite. Although it disperses in the open air, concentrations can build up in buildings, and it decays into minute solid particles which, if inhaled, can be deposited on the surface of the lungs. For many years it has been known that exposure to radon in uranium mines is associated with an increased incidence of lung cancer.

The potential problem of radon in houses was recognised in the 1970s, following research in Sweden, and was discussed by the Royal Commission on Environmental Pollution in its wide-ranging review of pollution in 1984 (see p 97, 1984). The Government has now received advice from the National Radiological Protection Board (NRPB) and the Committee on the Medical Aspects of Radiation in the Environment that the available evidence strongly suggests that exposure to radon gas increases the risk of lung cancer, with the risk increasing as the level of radon and the length of exposure rises. They therefore recommended that action should be taken further to reduce exposure in existing dwellings with the greatest concentrations and to limit exposure in new dwellings. Their recommendations about the levels of radon above which precautionary action is advisable – 20 milliSieverts (mSv) a year in existing houses and 5 mSv a year as the design level for future houses – has been accepted by the Government and the levels will be kept under review in the light of any further evidence.

Mr Waldegrave said that the Government intended to tackle the problem of identifying houses where action was needed in three ways. First, the NRPB had estimated that there were some 20,000 houses with radon concentrations high enough to give rise to doses of 20 mSv or more, most of which were likely to be in Devon and Cornwall, and recommended that remedial action should be taken on them in due course. To identify the houses with the highest levels, the Government would fund a survey by the NRPB, which would take about two years. Secondly, to enable people living in areas where concentrations might be above or near the action level to establish the radon concentrations in their houses (even if they were outside the scope of the NRPB survey), the NRPB would be arranging a free measurement service. Thirdly, elsewhere the Government judged that there was no need for special action, and measurements would not be free. However, a leaflet giving full details of the measurement service and other advice for householders would be made widely available in areas likely to have high radon concentrations.

Mr Waldegrave emphasised that there was no need for immediate measures to reduce radon levels, and said that the first step was to obtain accurate measurements so that the need for remedial measures could be properly assessed. The Government also intended to finance a two-year research programme, to be undertaken by the Building Research Establishment, on remedial and preventive measures.

Source: *Hansard*, Vol 109, No 39, cols 189-90.

COASTAL BATHING WATERS

A total of 362 more coastal bathing waters in all important resorts in Britain are to be included within the scope of the European Community Directive on bathing waters, Mr William Waldegrave, Minister of State at the Department of the Environment, announced in the House of Commons on 3 February. The Government has added 362 bathing waters to the 27 other coastal waters which have fallen under the scope of the Directive since 1979, making a total of 389. All these waters will in future be surveyed according to the Directive's regime and the results reported to the European Commission. 'More than half the waters surveyed already meet the standards set by the Directive', said Mr Waldegrave. Remedial works are in hand or planned for those of the remaining waters which do not at present conform.

The Directive, adopted in 1975, lays down biological, chemical and physical quality standards for bathing waters. Remedial action will be paid for by the water authorities as part of their capital investment programme. About £70 million is currently being spent annually on improvements to coastal bathing waters in Britain.

Sources: *Hansard*, Vol 109, No 45, written answers, cols 621-6; Department of the Environment press notice, 3.2.87.

SOCIAL AND CULTURAL AFFAIRS

Social Trends

The seventeenth annual edition of *Social Trends*,[1] which brings together key social statistics about Britain, was published in January. The 12 chapters correspond generally to the administrative functions of government, and the statistical tables and graphs are supplemented by a commentary on social policies and conditions.

Examples of some of the survey's most significant statistics are given below.

Population

The population of the United Kingdom grew steadily up to 1971 but then changed little up to 1985 when it was 56·5 million. It is projected to rise to 59 million by 2001. The number of people aged 60 or over in the United Kingdom increased by 2·5 million between 1961 and 1985 and is projected to increase, though more slowly, by another 2 million up to the year 2015. In the 75 years or over age-group the ratio of women to men was just over 2 to 1 in 1985, but men outnumbered women up to about the age of 50.

The number of pre-school-age children in England and Wales is now on the increase and is projected to continue growing until about 1996, but numbers in the compulsory school years over 11 are expected to continue falling until about 1990. These changes will affect the resources needed for education.

There were 656,000 live births in England and Wales in 1985, 15 per cent more than in 1977, when births were at their lowest level for many years, and 25 per cent fewer than in 1964 when they were at their highest for many years. In 1985 births to mothers born outside the United Kingdom accounted for 11·7 per cent of all live births in Great Britain, compared with 12·2 per cent in 1981 and 10·6 per cent in 1971.

There were some 2·4 million people (4·4 per cent of the total population) of ethnic minority origin living in households in Great Britain (that is, England, Wales and Scotland), over two-fifths of whom were born in Britain.

The total number of new residents in Britain in 1985 was 232,000 compared with 153,000 in 1981; the total number of departing residents was 174,000. (A new resident is defined as someone who, having lived abroad for at least 12 months, declares an intention to reside in Britain for at least 12 months. The definition of a departing resident is the converse.) A total of 55,400 people were granted settlement in the United Kingdom in 1985, about 4,400 more than in 1984. About half of those granted settlement in 1985 were wives and children of men settled in Britain, with husbands of women settled in Britain constituting a further eighth.

Households and Families

One-person households formed 12 per cent of all households in Great Britain in 1961; by 1985 this proportion had doubled. Over the same period the proportion of all households consisting of one family with dependent children fell to about a third. Average household size in Great Britain fell from 3·1 in 1961 to 2·6 in 1985; in Northern Ireland average household size was considerably higher, at 3·1.

Just over three-quarters of people living in private households in 1985 were in families headed by a married couple, a proportion which had fallen only slightly since 1961. The proportion of people living in one-parent families with dependent children doubled from 2·5 per cent in 1961 to 5 per cent in 1985.

The proportion of women aged 18 to 49 who were cohabiting in Great Britain increased from 2·7 to 4·2 per cent from 1979 to 1984.

The number of illegitimate live births in England and Wales rose from 48,000 in 1961 to 126,000 in 1985; as a proportion of all live births they rose from 6 to 19 per cent. There was also an increase in the proportion of illegitimate births registered by both parents, from 38 per cent in 1961 to 65 per cent in 1985.

There were 397,000 marriages in the United Kingdom in 1961 and 393,000 in 1985. However, in 1961 the proportion which were remarriages for one or other partner was 14 per cent while in 1985 it was 35 per cent. Reflecting changes in the divorce law in England and Wales in October 1984 (see pp 103-4, 1984), 175,000 decrees absolute were granted in the United Kingdom in 1985, 11 per cent more than in 1984.

In 1985 there were 150,000 abortions to women resident in Great Britain, one for every five live births. This was a 3 per cent increase over 1984 and a 10 per cent increase over 1983. Just under half of all abortions took place in National Health Service hospitals.

Education

In 1985, 676,000 children under five in the United Kingdom attended school, more than in any previous year. The average number of pupils per teacher in all public sector nursery, primary and secondary schools fell from 23·2 in 1971 to 18·5 in 1985. The proportion of pupils who were in independent schools in England rose from 5·9 to 6·7 per cent between 1976 and 1986.

In 1984-85, 31 per cent of 16-year-olds in Great Britain were in school and 14 per cent were in non-advanced further education. (A further 27 per cent

[1] *Social Trends No 17: 1987 Edition.* Central Statistical Office. HMSO, £19·95. ISBN 0 11 620244 0.

were in the Youth Training Scheme, 16 per cent had jobs, and 12 per cent were unemployed). In the same year, English was the most common pass at GCE 'O' level (grade A to C) or CSE (Grade 1) for both girls and boys leaving school in England and Wales (46 per cent and 34 per cent respectively). Twenty-two per cent of boys leaving school had passes in physics compared with 10 per cent of girls, while for biology the corresponding figures were 13 per cent of boys and 19 per cent of girls.

In 1983, 79 per cent of schools in England were used regularly – at least once a week – outside school hours during term time and 23 per cent during holidays.

Between 1970-71 and 1984-85 the number of students receiving part-time higher education nearly doubled and during the same period there was an increase of 25 per cent in the number of home students entering full-time and sandwich higher education courses in Great Britain for the first time.

Women accounted for 42 per cent of the 109,000 first degrees awarded in the United Kingdom in 1984, but less than a tenth of the 15,000 first degrees in engineering and technology.

Employment

The civilian labour force in Great Britain grew by 1·7 million from 1971 to 1985 when it numbered 26·6 million, a trend entirely due to the increasing number of women in the labour force. In 1984 female part-time employees accounted for 20 per cent of all employees in employment, compared with 13 per cent in 1971. The self-employed accounted for 10·6 per cent of the employed labour force in 1985, compared with 7·4 per cent in 1979. In 1985 there were 1·3 million temporary workers in Great Britain (of whom 61 per cent were in part-time employment), 0·8 million people with second jobs, and 2·9 million engaged in shift work.

The number of major injuries to employees in manufacturing industries in Great Britain increased by 13 per cent between 1981 and 1984 and by 2 per cent between 1984 and 1985. However, deaths from accidents at work fell overall by nearly 70 per cent from 1961 to 1985. In 1985 the numbers of redundancies in Great Britain continued the fall which started in mid-1981. The total – 235,000 for 1985 – was 4 per cent lower than in 1984. Most of the drop was in manufacturing industries but this sector still accounted for some three-fifths of all redundancies.

During the 12 months to August 1986, 2·3 million working days were lost through industrial disputes in the United Kingdom, the lowest level of strike action since 1967.

On average between September 1984 and February 1986, 57 per cent of Youth Training Scheme leavers were in a job and around 30 per cent were unemployed some six months after leaving the scheme.

Income and Wealth

Total household disposable income in the United Kingdom rose from £68,500 million in 1975 to £225,100 million in 1985, an increase of 229 per cent, but after allowing for inflation the increase was 24 per cent.

Between 1976 and 1984 the distribution of original household income in the United Kingdom became rather more unequal, the share of the bottom two-fifths falling from 10 to 6 per cent while the top fifth's share rose from 44 to 49 per cent. After taxes and benefits, the increase in inequality was much less marked, as the share of the bottom two-fifths of households fell from 20 to 19 per cent and the top fifth's share rose from 38 to 39 per cent.

Between April 1984 and April 1985 the average gross weekly earnings of all male full-time employees in Great Britain receiving adult rates of pay increased from £179 to £192, a rise of about 8 per cent. The average gross weekly earnings of all female full-time employees on adult rates in April 1985 was around £126, also 8 per cent higher than in April 1984.

In April 1985 overtime earnings accounted for 15 per cent of average gross weekly earnings of male manual workers in Great Britain; 54 per cent of all male manual employees received overtime pay, compared with 46 per cent in 1981 and 60 per cent in 1974.

Nearly 1·4 million people in the United Kingdom received fringe benefits liable to tax in 1983-84. Roughly 6 per cent of all employees (including directors) had a company car and 4 per cent had private medical insurance paid for wholly or partly by their employer. Other fringe benefits included beneficial loans, educational assistance, travel and subsistence and general expenses.

People holding shares are more likely to be male than female and nearly a third of shareholders in Great Britain in 1986 were aged under 40.

Social security remained by far the largest single public expenditure programme, accounting for about 30 per cent of public expenditure in Great Britain in 1986-87.

Resources and Expenditure

Consumer spending in the United Kingdom on televisions and video recorders rose by over two-thirds between 1979 and 1985 in real terms, but real spending on tobacco fell by over a fifth. The proportion of households in Great Britain with a colour television increased from 66 to 86 per cent from 1979 to 1985, while the proportion with a black and white television only declined from 31 to 11 per cent. In 1985, 31 per cent of households had a video recorder and 13 per cent had a home computer.

High-income families in Great Britain in 1985 tended to spend less than others on basic foods such as bread and eggs and relatively more on foods such as cheese and fresh fruit and fruit products. As the income of the head of the household increases there is a tendency for the carbohydrate content of the household diet to fall and for the vitamin C content to rise.

Between 1968 and 1986 the proportion of adults in Great Britain with a building society account (savings) rose from 15 to 64 per cent.

Health

The perinatal and infant mortality rates (stillbirths and deaths of babies under 1 week of age per 1,000 live and stillbirths) for England and Wales continued their long-term decline in 1984 and 1985, to 10·1 and 9·5 respectively in 1984 and 9·8 and 9·4 in 1985.

A boy born in the United Kingdom between 1982 and 1984 would expect to live to 71 and a girl to 77, even if there were no further improvement in longevity

in the future, whereas if they had been born around the turn of the century their life expectancies would have been 48 and 52 years respectively.

At 30 September 1985 there were 803,000 people on National Health Service (NHS) hospital in-patient waiting lists in the United Kingdom, 52,000 fewer than in 1983, nearly 22 per cent of whom were waiting for general surgery, while 19 per cent were waiting for orthopaedic treatment. In May 1986 there were about 3,000 people waiting for a kidney transplant; in 1985, 1,334 kidney transplants took placed compared with 941 in 1978.

The number of beds available in registered nursing homes and private hospitals in England and Wales rose by 15 per cent between 1984 and 1985 and was double the number in 1971. In England, 10 per cent of all beds in health care institutions are in private hospitals and nursing homes.

There were 17 per cent more admissions to United Kingdom mental illness hospitals and units with a drug-related main diagnosis in 1984 than in 1983.

The average number of patients per general practitioner (family doctor) in the United Kingdom fell from 2,400 in 1971 to 2,000 in 1985, while the number per dentist fell from 4,500 to 3,300.

The results of blood donor screening for the AIDS (Acquired Immune Deficiency Syndrome) virus in the last three months of 1985 indicated minimal spread of the virus into the population outside high-risk groups. Of 604,706 donors tested, only 13 were seropositive, and on investigation 11 of them were found to be in high-risk groups. (For further information, see pp 397-9).

Cigarette smoking among men in Great Britain aged 16 or over fell steadily from 52 to 36 per cent from 1972 to 1984. It also fell among women, though less steadily, from 41 to 32 per cent. The overall cost to the NHS in 1984 of smoking-related illness was estimated to be around £370 million.

The number of blood donors in England, Wales and Northern Ireland more than doubled from just under 1 million in 1961 to over 2 million in the 1980s; in 1985 there were 2·25 million donors.

Housing

The housing stock in the United Kingdom totalled nearly 22·5 million dwellings in 1985, more than one-and-a-half times the figure in 1951. More people owned their own homes; the number of owner-occupied dwellings more than trebled from just over 4 million in 1951 to nearly 14 million in 1985 when they formed 62 per cent of the housing stock. Local authority and new town stock rose from 2·5 million in 1951 to 6 million in 1985, though this figure was higher in 1979, while the rest of the housing stock (mainly private rented) fell from 7·5 million to 2·5 million.

Sales of local authority and new town dwellings in the United Kingdom increased from 92,000 in 1980 to about 228,000 in 1982, before falling back again to 116,000 in 1985. Local authorities in England estimated that 84 per cent of their dwellings needed some kind of renovation at 1 April 1985, costing nearly £19,000 million.

In 1984, 66 per cent of households in Great Britain had central heating compared with 35 per cent in 1971.

Transport, Communications and the Environment

Since the 1960s there has been a decline in the use of publicly provided transport, with a corresponding growth in the use of private road vehicles. In 1985 cars, taxis and motorcycles accounted for 83 per cent of all passenger transport in Great Britain compared with less than 55 per cent in 1961. A quarter of all travel in 1961 was by bus or coach and 15 per cent by rail but these proportions fell to less than a tenth and just over 7 per cent respectively in 1985. The number of licensed private cars increased by over 167 per cent between 1961 and 1985, from 6·3 million to 16·9 million.

There were over 1,800 miles (some 2,900 km) of motorway in use in Great Britain in 1985 compared with only 400 miles (over 640 km) in 1965, and while motorways made up less than 1 per cent of the total road network in 1984, they took some 12 per cent of the traffic.

There has been a growing concern in recent years about land use and environmental protection. One aspect of increasing interest has been anxiety about the effect of acid rain on the environment.

Emission of sulphur dioxide from fuel combustion in the United Kingdom fell from around 6 million tonnes a year in the 1960s and early 1970s to 3·6 million tonnes in 1985. Despite an increase in petrol consumption of about a fifth since the early 1970s, emissions of lead by petrol-driven vehicles dropped 23 per cent from a peak of 8,400 tonnes in 1973 to 6,500 tonnes in 1985.

The radiation dose to the British public caused by the nuclear reactor accident at Chernobyl in the Soviet Union in April 1986 is estimated to be equivalent to 2 per cent of the United Kingdom total during the year immediately following the accident, and to decline markedly in subsequent years (see pp 141-3, 1986).

Leisure

The trend over the last 20 years has been towards a reduction in working hours and an increase in holiday entitlement. On average 38·2 normal basic hours were worked in April 1985 by full-time male employees and 36·5 by females. In 1963, 97 per cent of full-time manual employees had a basic entitlement of only two weeks holiday, but by 1985, 99 per cent had an entitlement of four weeks or more.

On average, people in the United Kingdom spend far more time watching television than listening to the radio; in the first quarter of 1986, the average weekly time spent watching television was 26 hours 4 minutes among men and 30 hours 38 minutes among women. The figures are lower in the summer months. Between 1984 and 1985 total cinema admissions in the United Kingdom rose from 58 to 70 million, an increase of 21 per cent. This occurred in spite of the growing proportions of households with video recorders.

Between 1976 and 1985 the number of betting offices in Great Britain fell by 23 per cent to 10,500, while the number of bingo clubs fell by 28 per cent. However, the number of gaming machines rose steadily from 1981 to reach over 177,500 in 1985.

In 1985, 55 per cent of people aged 12 or over went for a drive, outing, or picnic in the countryside, the most popular countryside recreational activity. In addition, 67 per cent visited a seaside resort in

1985 and 58 per cent visited an urban park or open space.

Between 1977 and 1983 adult participation in swimming in Great Britain increased by around a third and participation in snooker, billiards and pool rose by around two-thirds.

Participation

Some people voluntarily help others in the community in their spare time, and many are active members of a voluntary, charitable, or religious organisation.

Just under 4,000 charities were newly registered in England and Wales during 1985, and by the end of that year there were over 154,000 charities on the register, an increase of around 21,000 since 1979. The total income of Britain's charities is estimated to have risen from £2,400 million in 1976 to £10,000 million in 1984. By mid-1986 the Band Aid Trust had raised over £100 million world-wide for famine relief.

Around 15 per cent of the adult population of the United Kingdom were members of a Christian church in 1985, compared with around 20 per cent in 1970. The larger denominations all showed declining membership though some smaller groups, in particular the House Church movement, grew, as did membership of other religions.

By the end of 1984, 11·1 million people in the United Kingdom belonged to a trade union, 17 per cent fewer than in the peak year of 1979.

In 1985-86, 17 per cent of new enquiries at Citizens Advice Bureaux in the United Kingdom concerned consumer dissatisfaction. The proportion concerning social security more than doubled between 1979-80 and 1985-86 to reach 18 per cent.

Law Enforcement

In 1985 the police recorded 3·6 million notifiable offences in England and Wales, 3 per cent more than in 1984. Theft and handling stolen goods accounted for just over half of all notifiable offences, while burglary accounted for a further quarter. The average annual increase in recorded crime per 100,000 population in England and Wales has been around 5 or 6 per cent since the 1950s.

There were over 30,000 seizures of controlled drugs in the United Kingdom in 1985, 7 per cent more than in 1984 and nearly three times the number in 1975.

The average waiting time for those committed for trial at Crown Courts in England and Wales in 1985 was over 15 weeks for those on bail and just over 10 weeks for those in custody.

The average population in prisons in the United Kingdom in 1985 was 53,500, 16 per cent more than in 1971 and 6 per cent more than in 1984. Only 3 per cent of the average population in 1985 were female. Over 14,000 prisoners in England and Wales in 1985 were recommended for parole, 63 per cent of all cases considered.

In 1985-86 nearly 40,000 new applications for criminal injuries compensation were recommended in Great Britain, 14 per cent more than in the previous year.

The strength of the police force in the United Kingdom grew by over a quarter from 1971 to 1982 but then stabilised. At the end of 1985 there were 761 police officers of ethnic minority origin in England and Wales, 81 more than a year before.

Ethnic Minorities in Great Britain

Information about the size of the ethnic minority population of Great Britain and their employment patterns and status has been published in two recent articles based on the Labour Force Survey.

The first article, 'Ethnic minority populations in Great Britain', is included in *Population Trends No 46*, published by the Office of Population Censuses and Surveys (HMSO, £5, ISBN 0 11 691172 7). It contains information on the size of the ethnic minority groups, where they live, their age structure and their likely increase in numbers. The second article 'Ethnic origin and economic status' appears in *Employment Gazette*, January 1987, published by the Department of Employment (HMSO, £3·25, ISBN 0 11 727933 1). This includes data on participation in the labour force, employment status, distribution between industries and occupations, qualifications and unemployment rates.

The Labour Force Survey, a voluntary survey conducted annually and covering 0·3 per cent of households, is now the principal source of information about ethnic minority groups. Because of the limitations of a survey of this size the population statistics have been averaged for the three years 1983 to 1985 and figures have been rounded. The employment statistics are based on the 1985 Survey.

Population

The ethnic minority population was nearly 2·4 million in 1983-85, about 4·3 per cent of the total population of Great Britain. By the early 1980s nearly 1 million, or 40 per cent of the total ethnic minority population, were British-born. The size of the ethnic groups is as follows.

Ethnic Minority Populations in Great Britain: 1983-85 Average

Ethnic group	Number (thousands)	Percentage which is UK-born
West Indian and Guyanese	530	50
Indian	760	35
Pakistani	380	40
Bangladeshi	90	30
African	100	35
Chinese	110	20
Arab	60	10
Mixed origin	210	75
Other	100	25
Total	2,350	40

Ethnic minority populations are mainly concentrated in particular localities, with Greater London containing the largest numbers of each group other than Pakistanis, some half of whom live in the West Midlands, West Yorkshire and Greater Manchester. Within Greater London the ethnic minorities accounted for about one person in five of the population of Inner London; in Outer London and the West Midlands the figure was one in eight.

The age structure of the ethnic minority population shows that in relation to the population of Great Britain as a whole it accounts for a larger proportion of the younger age-groups than the middle-aged or older. Few are yet of retirement age. This is because those who have entered Britain as immigrants over the past 30 years have been, for the most part, young men, their wives and dependent children. British-born children are also largely still of dependent ages.

For the next few years the prospective increase of the ethnic minority population is likely to be some 90,000 a year. Over the period 1986 to 1991 this would amount to an increase of about one-fifth but, given current patterns of births and migration the population of South Asian origins can be expected to increase more rapidly than the West Indian and Guyanese group. By 1991 the ethnic minority population is likely to be 3 million, or 5·4 per cent of the total population of Great Britain.

Employment

The Labour Force Survey shows that of the 2·4 million people of ethnic minority origin in Great Britain in 1985, 1·5 million were of working age. About half of these were Asians, a quarter West Indians and a quarter other minority groups, including those of mixed origin. Among people in the 25 to 44 age-group all but a small proportion of men in all ethnic groups, including white, were economically active (that is, in work or seeking work) whereas two-thirds of women were economically active. Women of Pakistani or Bangladeshi origin in this age-group were least likely to be economically active (17 per cent) compared with West Indians (74 per cent) and white women (67 per cent). Young whites were more likely to be economically active than young people from the ethnic minorities, partly because the latter were more likely to continue in full-time education after the age of 16.

The Survey indicates the employment status of those in employment: some 84 per cent of all men were employees, 14 per cent self-employed and about 2 per cent on government schemes. The proportion of self-employed was highest among Indian men (24 per cent) and lowest among West Indian men (8·5 per cent) compared with 14 per cent of white. The pattern for women was broadly similar although a greater proportion of women in all ethnic groups were employees and a smaller proportion self-employed.

The industrial distribution of workers showed that one-quarter of male ethnic minority workers were in distribution, hotels, catering and repairs compared with 16 per cent of white workers; this sector accounted for over 60 per cent of the ethnic minority self-employed compared with 25 per cent of whites. Ethnic minorities were also strongly represented in the transport and communications industry. The overall occupational distribution for both ethnic minority and white men was broadly similar, with the largest groups in both cases in processing (one-quarter) and managerial (one-eighth) occupations. Smaller proportions of ethnic minority men than white were employed in construction and mining and larger proportions in catering and metal and electrical processing. Among both ethnic minority women and white women over 60 per cent were in three occupational groups: clerical and related occupations; catering and cleaning; and professional and related occupations in health, education and welfare. Nearly 17 per cent of ethnic minority women were in the health services. Ethnic minority women were also relatively numerous in processing and assembling occupations.

An analysis of qualifications shows that men of Indian origin were more likely than white men to have 'higher qualifications' (this category includes degrees, Higher National Diploma and nursing qualifications). West Indian men tended to be less well qualified than average but West Indian women were better qualified than their male counterparts and in the young age-group were as well qualified as white women. Overall four-fifths of higher qualifications obtained by West Indian women were in nursing compared with one-third for all women. People of Bangladeshi or Pakistani origin were the least likely to have qualifications – 60 per cent of men and 74 per cent of women had none. The proportion of people receiving job-related training was virtually the same for ethnic minority as for white workers and the type of training was similar for all groups.

Unemployment rates were generally higher for the minority population than for the white population with similar characteristics such as age, occupation, industry, region or level of qualification. Overall the rate was twice as high for ethnic minorities (20 per cent) as for whites (10 per cent); rates were highest among those aged 16 to 24 at 16 per cent for whites and 33 per cent for young people from the ethnic minorities.

Microelectronics in Schools

State-supported primary schools in England possess one microcomputer for every 107 pupils while secondary schools have one available for every 60 pupils, according to a government survey[1] carried out in November 1985. The Secretary of State for Education and Science, Mr Kenneth Baker, said in a recent speech that Britain had led the world in the introduction of new technology in schools and that a period of consolidation and development was needed at present.

Survey Findings

The survey examined the availability and usage of microcomputers in a broadly representative sample of maintained primary and secondary schools in England. It followed a survey of microcomputers in secondary schools in England, Wales and Northern Ireland undertaken by the British Broadcasting Corporation for the Government in 1984 (see p 55, 1985).

Primary Schools

The latest survey found that there were on average 1·7 microcomputers for each primary school; 81 per cent of schools also had at least one colour monitor while 71 per cent had a floppy disc drive and 26 per cent a printer. Nearly 60 per cent of staff in schools with

[1]The results of which are summarised in Department of Education and Science statistical bulletin, No 18/86, December 1986.

microcomputers used them at least once a week and 42 per cent of staff were training colleagues in their use. Head teachers in 57 per cent of schools reported that microcomputers had made a significant contribution to teaching. Microcomputers were available on average for 32 per cent of total teaching hours for all primary school pupils. The proportion of 11-year-old pupils with direct experience of using microcomputers (66 per cent) was lower than that of seven- and nine-year-olds (81 and 75 per cent respectively), possibly reflecting the relatively recent introduction of microcomputers in primary schools. Younger pupils used the machines mainly to develop keyboard and mathematical skills while for older pupils the emphasis was on problem solving, simulations and databases. The principal subject areas where microcomputers were utilised were mathematics and the learning of language and communication.

Secondary Schools

Secondary schools had an average of 13·4 microcomputers each, with 92 per cent also having a colour monito 93 per cent a printer and 91 per cent a floppy disc drive. Some 23 per cent of head teachers considered that microcomputers had made a substantial contribution to teaching. In 67 per cent of schools, mathematics departments were employing microcomputers, making them the largest departmental users, followed by computer studies departments (58 per cent of schools) and geography departments (38 per cent); science and craft, design and technology departments also made significant use of them. The most common microcomputer applications among younger age-groups were problem solving and the acquisition of mathematical skills; simulations and word processing were the most frequent uses to which microcomputers were put by older age-groups. Some 71 per cent of secondary schools offered examination courses in computer studies and 16 per cent could provide examinable courses in microelectronics.

Speech by the Secretary of State

Speaking at the opening of the third High Technology and Equipment in Education exhibition and conference in London on 21 January, Mr Baker said that Britain had led the world in introducing new information technology in schools and that many other countries had adopted the British model. The latest government survey of microcomputers in schools had demonstrated, however, that not enough children were benefiting from the introduction of new information technology and that there was in general too restricted a usage of the technology across the curriculum.

Nevertheless, Mr Baker said, there had been a strong appreciation of the potential uses of the new technology in the educational process and the Government had concluded that a phase of consolidation and development was needed in which the Microelectronics Education Support Unit had a leading role to play. Situated at the University of Warwick science park, it would act as a central source of information for local education authorities and teacher training colleges. It would support those who trained teachers by providing materials and courses as well as developing new materials as necessary. The Government was spending over £3 million annually on the Unit (see p 279, 1985).

A number of other government initiatives were also relevant to the present consolidation phase, including the software in schools scheme, which enabled schools to buy software at half price and encouraged them to use microcomputers in a range of disciplines, and the new grant for in-service teacher training, a proportion of which was aimed at persuading local education authorities to train teachers in the uses of microelectronics in schools (see pp 302-3, 1986). In addition, there was a scheme to assess the role of interactive video in schools, for which the Government was providing £500,000 annually over three years, and a project to develop a database of curriculum materials costing the Government £750,000. The Council for Educational Technology (an autonomous central organisation for promoting the application of audio-visual, technological and other aids to education and training) was being remodelled so that it would be better placed to evaluate new technological developments and assess their value in the educational process.

The Secretary of State went on to say that the role of new technology in the schools was to enhance the teacher's work and that the new technological approaches to learning should only be employed when they added significantly to the teaching and learning process. There was now a structure in existence that would enable the Government to judge through work with teachers which approaches were most productive and to apply them throughout the curriculum.

Sports Sponsorship by the Tobacco Industry

New controls on sports sponsorship activities by tobacco companies were announced in the House of Commons on 19 January by the Minister for Sport, Mr Richard Tracey.

The Government has reached a new voluntary agreement with the tobacco industry on the industry's sponsorship of sport. This came into effect on 19 January, and replaces a previous agreement made in 1982 (see p 258, 1982). Under the new agreement, which is outlined in a parliamentary written answer (*Hansard*, Vol 108, No 34, col 364),

overall expenditure on sports sponsorship will be reduced to 1985 levels, representing a cut of 8 per cent;

tobacco companies will not be able to sponsor events designed to appeal principally to spectators under 18 years of age;

media advertising of sponsored sporting events, spending on which is not to exceed 20 per cent of a company's total expenditure on sports sponsorship, will not depict any participants in a sport;

the size of health warnings on signs at televised events will be increased by 50 per cent;

there will be tighter controls over the siting of signs at televised events.

The agreement, which is being monitored by the government-appointed Committee for Monitoring Agreements on Tobacco Advertising and Sponsorship, will run until at least October 1989.

Shorter Note

BRITISH BROADCASTING CORPORATION LICENCE FEES

The Government has accepted a recommendation contained in the Peacock report (see pp 243-4, 1986) that the BBC should not be financed through advertising and that the licence fee should continue for the time being to be its principal source of income. A study of the technical and economic feasibility of subscription has been commissioned by the Government, which favours in principle this method of funding while recognising that it could not be introduced for some years.

The cost of the colour licence will remain at £58 and that of the monochrome licence £18 until March 1988; thereafter, for a period of at least three years, both licence fees are to be increased annually in line with the retail prices index, thereby providing secure and predictable funding for the BBC consistent with its constitutional independence.

There are overwhelming objections, according to the Government, both on principle and on grounds of practicability, to the Peacock Committee's proposal that pensioners drawing supplementary pensions should be exempted from paying the licence fee if they live in households wholly dependent on a pension; however, existing arrangements for concessionary licences for those in residential care will be retained.

The Government believes in principle that the BBC should become directly responsible for collecting licence revenue and enforcing the licence fee system and that in the future consumers ought not to have to pay the licence fee in full in advance as is the case at present. Meanwhile, the Government aims to increase convenience of payment for customers; help those in financial difficulty to spread the cost of the fee; minimise enforcement and administration costs; reduce levels of evasion and late payment; and enable the BBC to maximise its revenue while keeping down the cost of the licence fees.

Source: *Hansard*, Vol 108, No 30, cols 263-4.

DOCUMENTATION

General

Britain and its People: An Outline (offprinted from *Britain 1987: An Official Handbook*). COI, No 196/86. (French, German and Spanish versions are in preparation.)

Government and Administration

Annual Abstract of Statistics 1987 Edition. Central Statistical Office. HMSO, £17·50. ISBN 0 11 620245 9.

British Flags and Royal Coats of Arms. COI illustrated leaflet.

Britain's System of Government (offprinted from *Britain 1987: An Official Handbook*). COI, No 21/86. (Dutch, French, German, Portuguese and Spanish versions are in preparation.)

The Financial Management Initiative: Report by the Comptroller and Auditor General. Examines the progress made in implementing the Financial Management Initiative in 12 government departments, concentrating on the development of management systems and their suitability in helping to secure improved value for money. Also considers the work of central departments – mainly HM Treasury and the Cabinet Office (Management and Personnel Office) – in helping departments to carry out the initiative. National Audit Office. HMSO, £6. ISBN 0 10 258886 4.

Justice and the Law (offprinted from *Britain 1987: An Official Handbook*). COI, No 179/86. (French, Portuguese and Spanish versions are in preparation.)

Research Bulletin No 22. A collection of research studies undertaken by the Home Office Research and Planning Unit. Subjects include racial discrimination, the Forensic Science Service, victims support schemes and research on television violence. Available free from Home Office Research and Planning Unit, 50 Queen Anne's Gate, London SW1H 9AT. ISSN 0305-9871.

Statement of Change in Immigration Rules. With effect from 1 February 1987 adds Nigeria to the list of countries whose citizens need visas to enter the United Kingdom. (see pp 343-4, 1986). HMSO, 45p. ISBN 0 10 215487 2.

The Law on Child Care and Family Services (see p 47). Cm 62. HMSO, £3·60. ISBN 0 10 100622 5.

External Affairs and Defence

Britain's Overseas Relations (offprinted from *Britain 1987: An Official Handbook*). COI, No 1/86.

Agreement between the government[s] of the United Kingdom . . . and the . . . Union of Soviet Socialist Republics concerning the prevention of incidents at sea beyond the territorial sea, London, 15 July 1986 (see p 256, 1986). Cm 57 (Treaty Series No 5 [1987]). HMSO, £2·70. ISBN 0 10 100572 5.

South-East Asia and Indo-China. First Report of the House of Commons Foreign Affairs Committee, Session 1986-87 [published 4 February]. HC 114. HMSO, £9·70. ISBN 0 10 211487 0.

St Helena. COI, No 219/86.

Economic and Scientific Affairs

Economic Trends Annual Supplement 1987 Edition. Brings together long runs, some as far back as 1946, of monthly, quarterly and annual data for key series of economic statistics. Central Statistical Office. HMSO, £12·50. ISBN 0 11 620226 2.

Public Finance in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 143/86.

The Government's Expenditure Plans 1987-88 to 1989-90 (see p 56). HM Treasury.

Vol I. Cm 56-I. HMSO, £5·20. ISBN 0 10 100562 8.

Vol II. Cm 56-II. HMSO, £22. ISBN 0 10 100563 0.

Regulatory Arrangements At Lloyd's: Report of the Committee of Inquiry (see p 60). Cm 59. HMSO, £8·10. ISBN 0 10 100592 X.

British Workplace Industrial Relations 1980-1984: The DE/ESRC/PSI/ACAS Surveys, by Neil Millward and Mark Stevens. Survey sponsored by the Department of Employment, the Economic and Social Research Council, the Policy Studies Institute and the Advisory, Conciliation and Arbitration Service. Gower Publishing, Gower House, Croft Road, Aldershot, Hampshire GU11 3HR.

Hardback. £25. ISBN 0 566 05391 8.

Paperback. £9·95. ISBN 0 566 05396 9.

New Earnings Survey 1986. Part A. Streamlined Analyses and Key Analyses by Agreement. Department of Employment. HMSO, £8·95. ISBN 0 11 727959 5.

Annual Review of Agriculture 1987 (see p 62). Cm 67. HMSO, £6·60. ISBN 0 10 100672 1.

Sizewell B Public Inquiry. Report by Sir Frank Layfield: Summary of Conclusions and Recommendations (see p 65). HMSO, £4·95. ISBN 0 11 411576 1. The full report is available in eight volumes. HMSO, £30. ISBN 0 11 411575 3.

The Promotion of Science and Technology in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 233/86. (French and Spanish versions are in preparation.)

Civil Research and Development. First Report of the House of Lords Select Committee on Science and Technology, Session 1986-87. The report calls for the appointment of a Cabinet minister to co-ordinate a new initiative to increase British expenditure on civilian research and development. It also makes a number of more detailed proposals in this field.

Vol I. *Report*. HMSO, £6. ISBN 0 10 490187 X.

Vol II. *Oral Evidence*. HMSO, £20·80. ISBN 0 10 490287 6.

Vol III. *Written Evidence*. HMSO, £11·70. ISBN 0 10 490387 2.

The Natural Environment Research Council: Report for 1985-86. Available from the Natural Environment Research Council, Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1EU. £5·50. ISBN 0 901875 52 X.

Planning and the Environment in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 87/86. (French, German and Spanish versions are in preparation.)

Social and Cultural Affairs

Social Trends No 17: 1987 Edition (see p 72). Central Statistical Office. HMSO, £19·95. ISBN 0 11 620244 0.

The Health Service in England: Annual Report 1985-86. Contains details of the provision of a record level of services to patients, with attention focused increasingly on the efficient delivery of a responsive, high-quality service. Department of Health and Social Security. HMSO, £8·50. ISBN 0 11 321076 0.

Measures to Control the Spread of AIDS in Britain (reproduced from *Survey of Current Affairs*). COI, No 290/86.

Social Services Inspectorate Project on Drug Misuse. A report of a project on the range and extent of services provided to drug misusers. This reveals that services are changing rapidly and that the increase in the availability of drugs makes necessary the constant review of both services and working methods. Available free from Department of Health and Social Security Store, Health Publications Unit, Site No 2, Manchester Road, Hayward, Lancashire.

Education Statistics for the United Kingdom: 1986 Edition. HMSO, £7·95. ISBN 0 11 270607 X.

Aspects of the Work of the Microelectronics Education Programme. A report by Her Majesty's Inspectors. Available free from Publications Despatch Centre, Department of Education and Science, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

Bangladeshis in Britain. First Report from the Home Affairs Committee, Session 1986-87. Makes recommendations for helping the Bangladeshi community in Britain, which the committee describes as the most recently arrived and 'considerably the most disadvantaged'. Housing is considered to be probably the most serious problem and the need for Bangladeshi pupils to learn English as the first priority in education.

Vol 1. *Report*. HMSO, £4·50. ISBN 0 10 271887 3.

Vol 2. *Minutes of Evidence*. HMSO, £11. ISBN 0 10 272087 8.

Vol 3. *Appendices*. HMSO, £7·70. ISBN 0 10 272187 4.

Sport and Recreation in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 18/86. (French version is in preparation.)

The Press in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 16/86. (Dutch, French, German and Spanish versions are in preparation.)

Television and Radio in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 69/86. (Dutch, German and Spanish versions are in preparation.)

The Promotion of the Arts in Britain (offprinted from *Britain 1987: An Official Handbook*). COI, No 19/86. (French, Portuguese and Spanish versions are in preparation.)

ה